

MARKET
Demand for
£60m
on issue

OVERSEAS MOVING
BY MICHAEL GERSON
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FINANCIAL TIMES

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WORLD NEWS

MPs protest at switch of soccer match

Angry criticism greeted the Football Association's decision yesterday to switch May's England-Scotland match from Wembley to Glasgow.

The move was made under heavy government pressure, because of the fear of crowd violence at a bank holiday match.

MPs and supporters protested at the decision. Cumberland and Kilmorych MP Norman Hogg said: "Recent problems have been associated with clubs in the London area, not those in Scotland."

Greek vote controversy

Supreme Court Judge Christos Sartzetakis was elected Greek President. The Opposition objected to the voting and refused to recognise the result. Back Page

Dijack to Heathrow

An unarmed 24-year-old Briton was held by police after ordering the pilot of a Lufthansa airliner from Hamburg to fly to Heathrow, where it was already going. Nobody was hurt.

Anti-apartheid ban

South Africa banned meetings of the United Democratic Front, an alliance of anti-apartheid groups, for three months. Page 3; Man in the news, Back Page

Crisis in Honduras

A constitutional crisis has arisen in Honduras following a power struggle between the National Congress and Supreme Court. Page 3

War reunion threat

The U.S., angry at the shooting of an American officer in East Germany, may boycott 40th anniversary ceremonies of the meeting of U.S. and Soviet forces in the Second World War.

Post office action likely

Selective industrial action in the Post Office seems likely to start on Monday, following the breakdown of talks on new working practices. Page 7

Stolport bid fails

An attempt to reopen a public inquiry into a plan for a film short take-off and landing airport (Stolport) in London's dockland failed in the High Court. Page 4

RUC man shot dead

Part-time Ulster policeman John Bell died after being shot at his garage in Rathfriland, Co Down.

Job for NZ archbishop

The part-Maori Anglican Archbishop of New Zealand, Paul Reeves, was named the country's Governor General.

Clocks go forward

British Summer Time begins at 1 am tomorrow, when clocks should be put forward an hour.

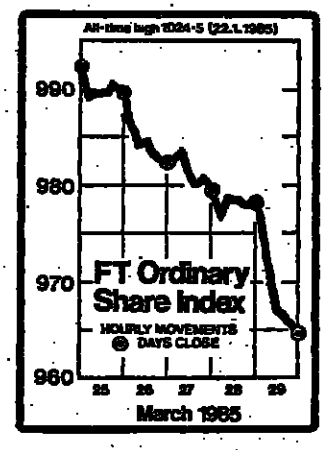
BUSINESS SUMMARY

Banks agree to cover JMB losses

THE BANK OF ENGLAND and two dozen UK banks have agreed a £150m package to cover the losses of Johnson Matthey Bankers. The deal marks the end of negotiations which started soon after JMB was hauled back from the brink of collapse last September.

JMB, now owned by the Bank of England, still has £170m in capital. The indemnity deal apportions the losses not covered by that £170m between the banks. Back Page

Shares plummeted on the London Stock Exchange yesterday, and the FT Ordinary Index showed its heaviest fall since February 12, closing down 13.8 at 964.3. While sterling's



strength helped gilds end the week well, leading shares reflected continuing concern about the impact of the weaker dollar. International stocks were hardest hit. Page 25

SMALL BUSINESSES have welcomed a government report which suggests a range of ways to free them from red tape. Back Page

CROSS-CHANNEL link plans will reach a crucial stage early next week when Britain and France publish their financial, technical and safety guidelines for scheme promoters. Page 6

EUROPROGRAMME, the Swiss-based Italian property unit trust under criminal investigation, was effectively pushed into liquidation when the Swiss Federal Banking Commission refused to extend a freeze on share redemptions by anxious investors. Page 23

SWEDEN has anticipated Monday's lifting of restrictions on European lending by launching a Y100bn (£322.6m) 10-year credit in the European market. Page 23

BARCLAYS BANK has applied for permission to conduct trust banking business in Japan. Eight licences are expected to be awarded. Page 23

JARDINE MATHESON, Hong Kong's oldest trading house, is selling its shipping fleet and outfitting the oil service industry. The news came with the announcement of losses of HK\$ 918m (£86m) for 1984. Back Page

ALEXANDER & ALEXANDER Services, the U.S. insurance broker and one of the world's biggest, reported fourth quarter losses of \$67.5m (£54.4m) and full year net losses of \$49.6m (£40.1m). Page 23

IBSTOCK JOHNSON, the building materials maker, announced doubled profits of £12.42m for 1984, an increased dividend, a 1-for-1 scrip issue and the £5.5m acquisition of roof tile maker E. P. Warner. Comment, Page 22

Thatcher urges cut in EEC business rules

BY QUENTIN PEEL, PAUL CHEESEWRIGHT AND IVO DAWNAY IN BRUSSELS

MRS MARGARET THATCHER began a crusade on behalf of small companies within the European Community yesterday by calling for the number of EEC regulations affecting business to be cut by a third.

On the first day of the heads of government summit, she urged other leaders to demand a study of the impact on business of the range of community regulations. British Officials the Prime Minister won broad support for her desire to attack red tape and the UK camp was hopeful last night that a study would be formally incorporated in the summit's final communiqué today.

Mrs Thatcher's special concern was to create an easier environment for the growth of small businesses, generally seen, on the basis of the U.S. experience, as the motor for economic growth and a cut in the number of unemployed.

Her approach at the EEC summit was presented by British officials as being an extension to the international level of policies the Government is following at home.

Last year, Mrs Thatcher noted, the EEC had passed 59 directives, excluding those for the farm sector. Had the effect of such directives on the burden

carried by small businesses been considered? she asked the leaders of the other nine countries.

Such burdens either hampered or destroyed jobs. Therefore, it would be a good idea to study the effect of regulations and cut their number by a third. Why she picked this precise reduction was not explained.

Within the same context the Prime Minister urged: "A rise in the threshold at which businesses start paying Value Added Tax — at the moment EEC-wide this is £10,000."

Encouragement for the services sector to expand as a quick generator of new jobs; A reduction in the amount of state subsidies;

Since its low point at the end of January, the pound has appreciated 10 per cent against the D-mark and is back to the level of last May.

The London three-month interbank interest rate eased 1/4 of a percentage point yesterday to 13 1/4. The Bank of England took the opportunity of lower rates and better confidence about starting to announce the issue of £750m of new government stocks in the form of additional tranches of existing stocks.

They are: £250m of 10 1/4 per cent Exchequer 1997 and £500m of 9 1/4 per cent Conversion stock 2004.

David Lascelles adds: Bank of Scotland yesterday reduced its base rate by 1/4 of a percentage point to 13 1/4 per cent. LTA bank said the smaller cut reflected the fact that overnight rates in the money markets were still high. Bank of Scotland has adopted a policy of moving its base rate more frequently but in smaller amounts to match changes in money market rates.

The authorities' decision to permit the second 1/4 point cut in interest rates since the Budget appears to be aimed mainly at preventing the pound from rising too fast against the D-mark.

In spite of some easing of money market interest rates yesterday, Barclays Bank and the Midland decided to keep their base rates unchanged at 13 1/4 per cent, though it seems likely that they will move them down next week provided money market rates ease further.

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Dollar continues to lose ground

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE DOLLAR continued its fall yesterday, closing almost 4 pennings down in London on Thursday's New York close to end at DM 3.0825.

The decline, which continued in early trading in New York, prompted discussion among analysts as to whether the U.S. currency had passed its long-awaited turning point and would continue a steady decline.

Although the pound finished up a cent compared with both its last London and New York closes at £1.2375, lower UK interest rates appeared to arrest sterling's recent rise against the D-mark. It lost 3 pennings to close at DM 3.61.

The index of the value against a trade weighted basket of currencies was slightly lower at 77.2 (1975=100) compared with 77.5 on Thursday.

This reflected the authorities' decision on Thursday to sanction a 1/4 percentage point cut in the base lending rates of two of the London clearing banks.

The Bank of England lowered the rate at which it supplies liquidity to the money markets by 1/4 percentage point after National Westminster and Lloyds announced a base rate cut to 13 per cent.

Mr Alan Wagstaff, Tootal's chairman, said he would not welcome an approach from Vantona any more than the one from Entrad. Tootal's profit forecast of at least £27m for the year ending January 1986, announced on Thursday, appears to have surprised Vantona and galvanised it into action at the eleventh hour.

Although Vantona thinks there could be considerable value in a merger, Tootal believes the two companies' philosophies are radically different. Tootal is an internationally oriented company while Vantona is essentially UK-based.

Mr Rod Hartley, managing director of Entrad said: "It seems unlikely to me that Vantona would bid for Tootal. Tootal would be a bit big for Vantona."

Entrad and its merchant bank S. G. Warburg, said they thought that the Vantona approach was intended to support the Tootal share price and allow the company to escape.

Apart from promising to let Tootal shareholders keep the 1979 dividend, Entrad yesterday increased the value of its offer by 2 1/2 to 22 1/2 p cash for each share. Tootal's shares fell 8p yesterday to 72p.

City analysts said the small level of increase indicated Entrad was at the limit of its financial resources, but Entrad said it was offering what it thought was the right price.

The bid appears finely balanced with analysts expecting short term investors in Tootal to accept the offer while institutions interested in the longer term would probably reject it, thus supporting Tootal.

Despite the fall in Tootal's share price below the bid level yesterday Entrad did not buy any more shares and it still has a stake of 7.1 per cent. Its offer expires on April 18.

Nacods likely to call strike ballot

BY JOHN LLOYD, INDUSTRIAL EDITOR

AN EMERGENCY session of the executive of the pit deputies' union Nacods has been called for Monday in Doncaster to consider a call from its South Wales area for a strike ballot throughout the country's coal fields. Officials predict a vote in favour of a ballot.

The South Wales call stems from its opposition to the closure of Bedwas colliery, where both production faces were lost during the strike and where members of the National Union of Mineworkers have agreed to take redundancy or transfer to other pits.

However, some leading officials are wary of calling a strike at short notice, before they have had time to conduct a widespread campaign among their members.

In the Midlands areas, especially Nottinghamshire, many Nacods officials are thought to be reluctant to strike.

By contrast, in the North-east, Scotland and Yorkshire, the union has been experiencing the effects of a tightening of work discipline, and a rapid drive to declaring redundancies. Some 1,000 NUM and Nacods members have been offered redundancy in the north-east without consultation with the unions — while in some Yorkshire pits, Nacods officials have been told that the board intends to cut down on the number of officials by as much as 50 per cent.

Besides Bedwas, Nacods has demanded that the Frances Colliery in Scotland — linked to the Seaford complex — should also go through the review procedure. The Scottish area NCB is interviewing NUM members at the pit to determine whether they wish transfer or redundancy.

The union is also concerned over a section in the board's letter which calls for "voluntary and consequential redundancies" — claiming that consequential could mean involuntary.

The board says, however, that these are voluntary redundancies in pits where men have been offered voluntary severance terms to make way for men transferring in from closing pits.

Mr David Hunt, the Coal Minister, yesterday welcomed the decision of the NUM executive to recommend an end to the overtime ban and return to normal working. The executive's recommendation goes to a special delegate conference of the union in Sheffield on Tuesday.

Nacods officials in other areas were last night predicting a vote on the executive on Monday in favour of a strike ballot. The union rules prescribe a 66 per cent vote in favour before a strike can be authorised — but area leaders recalled that the strike vote last year, which helped produce the agreement with the board, was as high as 82.5 per cent.

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Soviet savings from spying disclosed

By David Housego in Paris

FRENCH intelligence services have leaked to the French Press confidential Russian documents showing the major strides the Soviet Union has made in modernising the equipment of its armed forces through industrial and military secrets obtained from the west.

The documents, including material prepared by the KGB, the Russian secret services, and the Soviet military industries commission, the VPK, are said to have provided the key evidence on which President Francois Mitterrand decided to expel 47 Russian diplomats two years ago. Their disclosure yesterday both in Le Monde and on French state owned television was considered by Western diplomats as bound to irritate the Soviet Union.

The French reasons for the timing of the disclosures remained unclear. As reflected by President Mitterrand's visit to Moscow last summer, French diplomacy has focused of late on reviving a dialogue with the Soviet Union.

A Soviet delegation arrives in Paris tomorrow for a meeting of the Franco-Soviet Economic Commission which has been delayed for three months.

The most important document published by Le Monde is a detailed internal assessment of the value to the Soviet Aviation Ministry of material gathered in 1979 by Soviet agents in the West.

The document says that the ministry received 156 samples and 3,396 specialised technical documents gathered through KGB and GRU (military intelligence) agents abroad. Of these, "87 samples and 346 technical documents were put to practical use in research and development of new military equipment and of existing weapons systems."

The savings to the Soviet Union of obtaining Western technology by these means were assessed by the VPK at \$7.6m (£47.8m) in 1979 as compared with \$18.5m.

Continued on Back Page

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MARKETS

DOLLAR	STERLING
New York lunchtime: DM 3.0725	New York lunchtime \$1.241
FFr 9.3850	DM 3.1235 (1.228)
SwFr 2.5965	DM 3.51 (1.7275)
Y250.675	SwFr 3.215 (3.25)
London: DM 3.0825 (1.285)	Y310 (310.5)
FFr 9.4050 (9.5475)	Sterling Index 77.2 (77.5)
SwFr 2.6025 (2.6475)	LONDON MONEY
Y251.05 (253)	3-month interbank: closing rate 13 1/4 (13 1/4)
Dollar Index 145.9 (146.9)	3-month eligible bills: buying rate 12 1/4 (12 1/4)
Tokyo close Y250.7	
U.S. FUND RATES	
Fed Funds 8 1/4 (8 1/4)	
3-month Treasury Bills: 8.16% (8.08)	
Long Bond: 9 1/4 (9 1/4)	
yield: 11.65	
GOLD	
New York: Comex April latest \$351.5 (\$358.5)	
London: \$330 (\$327)	
Chief price changes yesterday, Back Page	

STOCK INDICES
FT Ind Ord 9643 (-13.8)
FT-SE All Share 918.21 (-0.7%)
FT-SE 100 1277 (-10.1)
FT-A long gilt yield index: High coupon 10.50 (10.51)
New York lunchtime: DJ Ind Av 1261.7 (+0.99)
Tokyo: Nikkei Dow 12,580.76 (-23.26)

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For London market and latest share index, 01-246 8036; overseas markets, 01-246 8086.

OVERSEAS NEWS

South Africa bans meetings of opposition groups

BY OUR JOHANNESBURG CORRESPONDENT

THE South African Government has ordered a three-month ban on meetings of the United Democratic Front, an alliance of anti-apartheid groups, including student organisations and trade unions.

In addition, Mr Louis Le Grange, the Minister of Law and Order, has ordered the curtailment of 28 other black organisations and forbidden outdoor gatherings in 18 magisterial districts in the Eastern Cape Province. He has also prohibited indoor meetings aimed at organising industrial action.

The crackdown came as the civil disturbances rose to a death toll rose to 36 in the Eastern Cape civil disturbances. Rioting started eight days ago on the 25th anniversary of Sharpeville.

Opposition representatives in Parliament said they were appalled at the severity of the minister's security action and warned that it would generate further unrest.

Mrs Helen Suzman, of the Progressive Federal Party, said that any attempt to prevent people from gathering and discussing their grievances was likely to result in civil disobedience.

Police used tear gas and

rubber bullets on rioters in various parts of the country yesterday. Three people died in New Brighton when bird-shot and live ammunition were fired at a crowd of 2,000 people who surrounded the home of a local town councillor.

A fourth man aged 20 died in the West Rand town of Evaton when the son of a councillor who died during unrest last year shot at a group attacking his car.

As an inquiry under Mr Justice Donald Kammeyer sat for the second day, hearing evidence into the fatal police shootings of 19 people at Otteridge a week ago, police said the area reported continued acts of stone-throwing and arson.

Official buildings in the village of Cookhouse were set on fire and extensively damaged and tear gas was fired at about 500 youths gathering in front of the New Brighton magistrates court.

AP-DJ adds: the South African Reserve Bank has eased the minimum liquid asset requirements for commercial banks. This has prompted speculation that the banks' prime lending rate, running at a record 25 per cent, could ease next month.

Tehran warns of plans for 'major offensive'

BY OUR MIDDLE EAST STAFF

IRAN yesterday rejected any suggestion of a ceasefire in the land war with Iraq and warned that it was preparing for a "major offensive".

Mr Hojatoleslam Hashemi Rafsanjani, speaker of the Iranian Parliament, said during Friday prayers in Tehran that Iraq was ready for an agreement to cease attacks on civilians and oil tankers but would not accept a "ceasefire on the war front".

Mr Rafsanjani said: "The necessary groundwork for the launching of Iran's major offensive has been prepared."

He also claimed that Iran was still holding part of the Huweizah marshes, north of the Iraqi city of Basra, where Iran launched an offensive earlier

this month.

Iran reported that an Iraqi aircraft had been shot down over Tehran in the early hours of yesterday following a further air raid on the capital. President Saddam Hussein of Iraq said earlier this week that the attacks on Iranian cities and oil tankers would continue until Ayatollah Khomeini agreed to discuss a peace settlement.

Britain has condemned the reported renewed use of chemical weapons in the Gulf war. Reuters reports from London. It has advised an estimated 1,100 Britons living in central Baghdad to leave the city following a series of explosions in the Iraqi capital.

Israeli budget approved

BY OUR TEL AVIV CORRESPONDENT

THE ISRAELI Government won parliamentary approval for a \$28.3bn (£18bn) budget yesterday, and reached agreement with trade unions and employers on four-month price freeze aimed at fighting inflation.

Despite months of "cabinet bickering" over spending cuts, the figure was some \$200m more than the 1984 budget. Last year the government overspent by more than \$1bn according to provisional estimates.

Officials said the budget did not include the cost of with-

drawing the army from South Lebanon — at least \$100m — and measures would be needed to avoid over spending again this year.

The government, under pressure from the U.S. and the IMF to slash spending, has found its room for manoeuvre severely restricted because of huge debt repayments.

The budget's enactment was delayed by arguments between rival orthodox parties over funding for religious institutions.

Salvadoreans seek an elusive peace at the polls

David Gardner reports on tomorrow's national elections

SALVADOREAN voters, who go to the polls tomorrow to elect a new National Assembly, appear little moved by the campaign slogans: "Peace, Justice and Liberty," "Peace, Progress and Justice," and "Peace, Work and Progress."

These slogans belong, respectively, from Left to Right, to the Popular Social Christians, a split from Christian Democracy now part of the left-wing insurgency fighting the Government and which is therefore taking no part in the election; to the ruling Christian Democrats of President Jose Napoleon Duarte; and to the neo-Fascist Arena Party, led by Major Roberto D'Aubuisson, the former army intelligence chief widely linked to the country's death squads.

All these groups have had a share of power at one stage or another in the country's five years of civil war, and what they have singularly failed to provide is peace.

The lacklustre sloganising of the campaign which drew to a close on Wednesday night appears to have raised few hopes here that this, the third election of the war, will bring peace any nearer. All the parties are anticipating a high abstention rate on Sunday.

The campaign has nevertheless penetrated further into the country than the presidential elections of a year ago, when there was no voting in about a third of Salvadorian municipalities because of the war.

In Tejutepique, for example, a guerrilla-held town in the centre of the country, the identical slogans of the parties are already peeling off the sun-baked and bullet-blasted walls, competing for space with insurgent propaganda denouncing the elections and calling for peace negotiations.

Last year there was no vote there due to heavy fighting after the army attempted unsuccessfully to retake the area. This time, Tejutepique is one of the war zone towns where the government and army have said they will guarantee that balloting takes place.

To do so, the army launched a major sweep through the area

by two crack battalions on March 16-20. This failed to dislodge the guerrillas, who were still there on Wednesday, and left as its most enduring mark charred hillsides for miles around the town, the result of air force bombardments, the guerrillas and townspeople say, with incendiary bombs.

But the push for votes into these no-man's-land areas especially by President Duarte's Christian Democrats who face three years with a hostile National Assembly controlled by the far Right, has brought in its wake the hope that badly-needed basic services will be restored.

Jutiapa, for example, eight kilometres from Tejutepique, made its first phone call for five years on Wednesday, while telephone engineers in Tejutepique were busy repairing lines, under the watchful gaze of the guerrillas.

"We have no interest in disrupting these elections," the local guerrilla commander said. "The people will see for themselves they are leading nowhere."

Another guerrilla faction which operates in the east of the country, however, has taken a more hostile view and burned 17 town halls and 11 telephone exchanges.

In San Agustín, a dusty semi-abandoned town in the eastern

foothills of the central mountain chain that dominates El Salvador's two main highways, there may nevertheless be voting on Sunday despite this faction's hostility.

Control of the town has oscillated between the Government and insurgents over the past nine months but heavy army activity in the area appears for the moment to have pushed the guerrillas back into the mountains.

With no power supply for five years, the proprietor of the bare-shelved local pharmacy rests his hopes in this election on the promises the parties have made to restore electricity and medical care. "I don't know whether (the elections) will bring peace but I hope they will mend the roads and bring us medicine," he said.

Modest rise in U.S. economic indicators

By Nancy Dunne in Washington

THE U.S. index of leading economic indicators, designed to predict future growth, rose a modest 0.7 per cent in February, less than half of the revised 1.5 per cent increase in January, the Commerce Department said yesterday.

"It means the picture is not too bleak, but not too rosy," said a Commerce Department economist.

Five of the 10 leading indicators went up last month, led by contracts and orders for plant equipment. Stock prices, an expansion of the money supply, a greater number of new businesses and the pace of deliveries also showed rises.

Bad weather may have caused a drop in some of the negative indicators, which included a reduction in the average working week, a decline in new orders for consumer goods, increased claims for unemployment insurance, and declines in raw material prices and building permits.

While the leading indicators improved, the accompanying coincident indicators — which measure current employment, income, production and sales — declined by 0.3 per cent, the second consecutive monthly drop.

Mr Malcolm Baldrige, the Commerce Secretary, said he was particularly encouraged by the rebound in real contracts and orders for new equipment, a sign that capital spending this year will feed economic expansion.

Honduran troops placed on alert after vote to dismiss judges

BY TIM COONE IN MANAGUA

A POWER struggle in Honduras has surfaced over the party's nominee for the presidential elections in November. At least two strong contenders are challenging President Somoza Cordova's own choice as his successor. One of them, Sr Efraín Bu Giron, is President of the National Congress.

President Somoza Cordova has lost control of the majority group of Liberals in the Congress and his control of the Supreme Court is now the only lever he has, apart from the military, to ensure that his candidate will run in the November election.

The stability of Honduras is essential for the U.S. policy of using the country as the main land base for its Central American actions.

The direct challenge of the National Congress to the President's power has dubious legality under the constitution. According to Sr Efraín Diaz, a prominent opposition voice in the Congress, "there are established proceedings to dismiss the judges and the vote by Congress ignored these."

Speaking on national radio and TV on Thursday night President Cordova accused members of the Congress of being "traitors to the constitution" and of trying to carry out "a technical coup d'état."

The crisis centres on a power

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Brazil wills Neves to win battle for survival

BY ANDREW WHITLEY IN RIO DE JANEIRO

LARGE BILLBOARDS bearing the simple message "Get Well Senhor Tancredo" have sprouted overnight here and in other cities throughout Brazil. The whole country is willing Brazil's President-elect Sr Tancredo Neves to win his two week long struggle to survive.

The focus is the Instituto do Coracao, the country's leading heart clinic where Sr Neves was rushed by special plane earlier this week for a third abdominal operation.

A major convention centre next to the clinic has been transformed into an improvised Press centre for more than 700 journalists and television crew. The smallest detail of information concerning Sr Neves is instantly reported. Normal television and radio programmes are constantly interrupted by "flashs" of medical bulletins.

Joining the media hordes outside the hospital, has been a religious presence uniquely Brazilian in its ecumenical nature. Yesterday a Jewish rabbi, an Evangelical minister from an "Assembly of God" church, and a "Pai de Santos" (or witchdoctor) from one of Brazil's many flourishing African-based spirit cults, prayed together on the pavement.

Sr Neves, 75, remains under intensive care. His condition is reported stable. Doctors yesterday said that infections which appeared in one of his lungs and in his abdomen were under control. But there were complications with broncho-pneumonia and anaemia.

Jardine Matheson Holdings Limited

1984 Results

Net profit. HK\$80 million, or HK\$0.19 per share compared with 1983 earnings of HK\$139 million, or HK\$0.34 per share.

Below the line items. Extraordinary charge of HK\$554 million following decision to withdraw from ship-owning. Other extraordinary charges total HK\$319 million, including HK\$159 million on termination of U.S. property development and HK\$108 million for Jardines' share of Hongkong Land's extraordinary loss. Exchange translation differences also give rise to charge of HK\$125 million due to strength of Hong Kong dollar.

Dividend. No further dividend recommended in respect of 1984, following interim dividend of HK\$0.10 already paid. Future dividends largely dependent on success of Hongkong Land.

Investment in Hongkong Land. Hongkong Land's financial position transformed by new team installed by Jardines. Profits significantly ahead of 1983, balance sheet considerably strengthened and outlook for future highly promising.

Other operations. Satisfactory in Hong Kong, but overall profits adversely affected by disappointing results from some international businesses.

Balance sheet. After heavy provisions in last two years balance sheet now conservatively stated.

Prospects. Operating results so far in 1985 ahead of 1984, and interest rates encouragingly lower. However, too early to predict full year profit for 1985.

Extracts from Chairman's Statement. "In the short term, the largest single factor influencing profits remains the impact of interest rates, which affect not only the carrying cost of our investment in Hongkong Land, but also our share in Hongkong Land's own profits."

Our strategy for the future is to continue to strengthen our balance sheet and to back our core functional businesses with capital and with greater management autonomy.

We shall be devoting a major part of our resources to Hong Kong and China and the Pacific Basin, where our connections place us in a particularly favourable position. The conclusion of the Agreement on the future of Hong Kong gives us confidence to deal with the new opportunities which are emerging."

	1984 HK\$m	1983 HK\$m
Turnover	8,881	10,644
Profit before tax	431	567
Tax	(276)	(328)
Profit after tax	155	239
Minorities	(75)	(100)
Profit after tax and minorities	80	139
Net exchange translation differences	(125)	300
Extraordinary items	(873)	(88)
Attributable to Shareholders	(918)	351
Earnings per share*	HK\$0.19	HK\$0.34
Dividends per share	0.10	0.40

*Before net exchange translation differences and extraordinary items.

Following approval at an Extraordinary General Meeting in June, 1984, Jardine Matheson Holdings Limited became the parent company of the Jardines Group. As a result, the 1984 figures are in respect of Jardine Matheson Holdings Limited, while the 1983 comparative figures are those of Jardine Matheson & Co., Ltd.

The 1984 Annual Report and Accounts will be posted to shareholders on 14th May, 1985.

By Order of the Board
R. C. Kwok
Company Secretary
29th March, 1985



Jardine Matheson Holdings Limited

(Incorporated in Bermuda with limited liability)

Jardine Matheson Holdings Limited

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Members of the Company will be held on the top floor, Cornaught Centre, Cornaught Road Central, Hong Kong on Thursday, 6th June, 1985 at noon for the following purposes:

- To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st December, 1984.
- To elect Directors and approve their remuneration.
- To appoint Auditors and to fix their remuneration.
- As special business, to consider and, if thought fit, adopt, with or without amendments, the following ordinary resolution:

"THAT a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares (in addition to shares issued as a result of conversions of the Mathesons Investments Ltd 15,500,000 7 1/2% Convertible Unsecured Loan Stock 1987/92 and on the exercise of warrants issued by Jardine Matheson (Finance) Ltd) not exceeding 10% of the issued share capital of the Company."

By Order of the Board
R. C. Kwok
Company Secretary
Hong Kong, 29th March, 1985

Notes:

- A Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him; a proxy need not also be a Member of the Company.
- The Transfer Books and the Register of Members of the Company will be closed from 27th May to 6th June, 1985 inclusive.
- Concerning item 4 above, the Directors wish to state that they have no immediate plans to issue any new shares in the Company with the exception of the shares issued on the conversion of the Mathesons Investments Ltd loan stock and on the exercise of the Jardine Matheson (Finance) Ltd warrants.



Jardine Matheson Holdings Limited

(Incorporated in Bermuda with limited liability)

Minister blames high port costs for lost orders

BY BRIAN GROOM

BRITISH PORTS cost an average of 50 per cent more for handling deep-sea container cargoes than their Continental rivals according to research by the Department of Transport.

Mr David Mitchell, Transport Minister, told the British Ports Association's annual lunch that this raised the cost of imports, lost export orders, and increased unemployment.

Meanwhile, it was disclosed that negotiations are taking place between the National Association of Port Employers and the Government over the cost of the dock labour scheme.

Employers argue that if the Government continues to refuse to scrap the scheme—which makes compulsory redundancies difficult—then it should bear the cost.

Last year employers paid a £12m levy to finance voluntary redundancies, and the industry's severance scheme is almost £80m in debt with £44m owed to the Government. The employers want relief from this

burden.

The Department of Employment has made proposals, including a possible continuation of the £12m-a-year levy as an interim measure, but the two sides remain far apart.

Mr Donald Stringer, the port employers' chairman, said: "It is one thing to know we are to continue to be beaten but it adds insufferable insult to painful injury if we have to pay the cost of the heater and his overheads."

Mr Mitchell announcing the first results of the Government's study of comparative port costs, said the UK's higher costs—in some cases treble those of competitors—include piloting, light dues, turn-round time, port dues and cargo-handling costs.

He annoyed port officials by hinting at the first rise in light-house dues for four years, though he said he would try to see it did not exceed inflation "by any significant amount."

Move to have Stolport inquiry re-opened fails

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT to force Mr Patrick Jenkin, the Environment Secretary, to re-open a public inquiry into a plan for a £15m short take-off and landing airport (Stolport) in London's dockland has failed in the High Court.

The Greater London Council, the London Borough of Newham and the Campaign Against the Airport—a grouping of local individuals and organisations—had argued that Mr Jenkin was legally obliged to re-open the inquiry because he had received new evidence since it ended.

The objectors claimed that they should have the chance to deal with that evidence.

Yesterday Mr Justice Glid-

well said that all parties had been given ample opportunity to make representations in writing on the new evidence.

Mr Jenkin's refusal to re-open the inquiry had not been unlawful, unreasonable or unfair, the judge said.

The judge said that Mr Jenkin had not yet finally decided whether to grant planning permission.

After the ruling, Brynmor Airways, which plans to operate the airport, said it hoped that its route licence applications would go through as quickly as possible so that it would be able to start services once the airport was built.

Clore property details 'must be revealed in full'

BY OUR LAW COURTS CORRESPONDENT

THE Inland Revenue has won a High Court order that the trustees of a Jersey settlement set up by the late Sir Charles Clore must give full details of the property in the settlement, thought to be worth about £81m.

Capital transfer tax of £44.8m has been assessed on the settlement and the Revenue wants a verified account to use in proceedings before tax commissioners.

This latest case was part of the Revenue's attempts to levy tax on the whole of the Clore estate, estimated to total well over £100m.

The court rejected the trustees' argument that they

were not liable to account because the settlement was an overseas trust subject to Jersey law; all the trust property was outside the UK and the trustees were not UK residents.

Mr Justice Walton said that capital transfer tax was payable on the settlement because Sir Charles had died when domiciled in England.

The trustees—Styke Trustees Jersey, a company formed by Sir Charles before his death in July 1979, Mr Nathan v Meyohas, a Paris lawyer, Mr Joseph Kasierer, a Tel Aviv accountant, and Mr Georges Kalrweis, a Geneva banker—were ordered to produce an account within three months.

Sinclair suspends C5 vehicle production

By John Griffiths

PRODUCTION of the Sinclair C5 electric vehicle has been suspended temporarily, the company said yesterday.

The suspension, attributed to a decision to replace a plastic moulding attached to the vehicle's gearbox, will last for about three weeks.

Forty of the 90 workers assembling the £399 three-wheeler at Hoover's washing machine manufacturing plant at Merthyr Tydfil, South Wales, are being returned temporarily to washing machine production.

The company said about 3,000 machines were undergoing the modification-related, it said, was not safety-related.

"None of the vehicles in this re-work programme had left the factory or had been shipped to retailers for the spring retail sales campaign now under way. No C5s have had to be recalled."

The company also insisted that the suspension was not the result of sales falling to live up to expectations.

Sinclair envisaged 100,000 sales a year when production began at the end of last year. But just how successful the C5 has been so far remains a mystery.

The only figure Sinclair has given is one of "more than 5,000" for the initial mail order sales between its launch in mid-January and the beginning of retail sales on March 1.

From that date, the Sinclair has been on sale through a number of retail chains, notably the Comet Group and selected Woolworth stores, plus regional groups such as Valances, with 30 shops and supermarkets spread through the Midlands and Yorkshire.

Comet, which took a launch stock of 1,600, said yesterday it had no-one available to comment on sales. Other retailers reacted similarly.

Earlier this year, plans to begin a second production line at Merthyr Tydfil, bringing capacity up to about 200,000 units a year, were put off after a one-day strike and work-to-rule at the plant.

The Sinclair mover, with 3,000 vehicles in stock and a production line close down for three weeks, provides some indication that the total of 400 retail outlets has not experienced large demand for the C5.

This was effectively acknowledged by Sinclair yesterday when it said: "There has been a great deal of showroom traffic—but there have been lots of indications from would-be purchasers that they will only buy when the spring weather arrives."

NY dealer buys British Algae

BRITISH ALGAE, issued in Paris from October 1983, and the first scientific manual to be printed using photography to replace typesetting and conventional illustrations, sold for £48,000 at Sotheby's yesterday.

It was Sir John Herschel's copy and was bought by the New York dealer Hans Kraus on behalf of the New York Public Library.

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DTI REPORT ON BURDENS ON BUSINESS

Striking a balance between licence and liberty

BY WILLIAM DAWKINS



David Trippier: helping to identify the problems

THE Department of Trade and Industry report Burdens on Business is an attempt to strike "the right balance between licence and liberty," Lord Young, Minister without Portfolio, said yesterday.

It is Lord Young's job to examine the options—some of them far-reaching set out in the consultative document for cutting the red tape surrounding small businesses, and to come up with some conclusions and suggestions for action by the summer.

His primary task is to find ways to reduce the costs to small firms of complying with their statutory obligations, while retaining protection for employees, consumers and the public.

This, says the report, will help to attract non-complying small businesses out of the black economy, but more importantly, be a key contribution to job creation.

In that sense, the study is an attempt to take the lead in the debate on unemployment—highlighted by the publication on Thursday of its White Paper on employment—which it sees as a crucial issue in the run-up to the next General Election.

Work on the report, by representatives of seven government departments, led by the DTI, began last August. It was co-ordinated by Mr David Trippier, the Small Firms Minister.

From interviews with 85 small

business managers and an independently commissioned survey of 200 executives it identifies two administrative burdens: The management time needed to understand and meet government requirements, and the direct expense involved in meeting those obligations.

"A particularly worrying point economically," says the report, "is that compliance costs—real and perceived—may limit market entry by inhibiting start-ups and expansion of small enterprises, especially those involving first-time recruitment of full time labour. The problem is compounded because so many requirements are employment-related."

It recommends that Ministers consider urgent action on 10 main administrative burdens. The most radical option is designed to clear the way for PAYE and National Insurance contributions to be calculated side by side on the same form, almost as if they were one payroll tax.

This would be done by putting the PAYE system on to a non-cumulative basis.

More companies should be taken out of the value added tax net, suggests the report. VAT applies to companies turning over more than £19,500 annually, but the study acknowledges that attempts to raise the threshold would run into trouble with the European community.

private rate without claiming a refund from the state.

Planning controls are another area for reform, says the document. It suggests the introduction of simplified planning zones on similar lines to enterprise zones, and calls for local planning decisions to be speeded up.

Building regulations should be rationalised, with particular reference to easing constraints on the conversion of buildings for commercial use.

Fire precautions, too, should be made more flexible for premises with a minimal fire risk, says the report. It suggests the creation of a general statutory duty on fire precautions to replace the complicated 1971 Fire Precautions Act.

On employment protection, the study recommends that employees' qualifying periods in unfair dismissal cases should be raised from one to two years in firms employing less than 20 people.

Health and safety regulations are unnecessarily complex, says the study. Inessential requirements, like restrictions on women's working hours, should be scrapped.

The present statutory audit of accounts should not be required from shareholder-managed small firms says the report, which also calls for a simplification in the content of accounts and balance sheets which have to be filed with the Registrar of Companies.

On consumer protection, it recommends greater emphasis on self-certification of weights and measures requirements, as well as the introduction of a general, easy-to-follow statutory duty on product safety, and simpler consumer credit regulations.

The study also makes some general points about the way in which government controls are enforced.

It suggests that regulatory departments should be made more aware of the onerous costs they impose on small firms. Regulatory work should be better trained, they should visit companies less often, and their decisions could be more consistent and flexible. Shorter and less complicated government literature on statutory obligations is needed.

Such internal changes should be monitored by a small task force of not more than two or three civil servants and businessmen working possibly as Lord Young's Enterprise Unit, proposes the report.

On a wider front, it calls for a general improvement to tackle the communications gap between the Government and businesses, and action in the European community to increase the awareness of regulatory burdens.

Burdens on Business—Report of a Scrutiny of Administrative and Legislative Requirements. HMSO, £5.25.

National Savings to raise rates

By George Graham

NATIONAL SAVINGS is to raise its interest rates by about 0.5 per cent to counter the higher building society rates introduced from Monday.

The increase comes in spite of a call from Mr Patrick Jenkin, the Environment Secretary, for building societies to lower their rates.

Mr Jenkin said this week's cut in some bank base rates to 13 per cent suggested that building societies had been premature in announcing higher rates.

"I hope that they may now be able to look again at their interest rates and bring them down again next month."

Building society chiefs, however, said no further move was likely before June 1.

National Savings will raise the rate on investment accounts to 12.75 per cent from April 11. Income and deposit bonds—which require six weeks' notice of changes—will rise to 13.25 per cent from May 12.

The general extension rate, paid on fixed interest National Savings certificates which have already matured, will rise from Monday to 9.51 per cent tax free.

This is intended to encourage investors not to cash in certificates of the popular 18th issue, which are now maturing, in favour of building society deposits.

There will be no new issue of certificates.

MAM settles with musician

BY MARTIN DICKSON

Management Agency and Music, the hotels, leisure and music group, has reached a £1.7m out of court settlement with pop musician Gilbert O'Sullivan in his long-running legal dispute over royalties.

The settlement comes amid merger talks between MAM and Chrysalis, one of Britain's most successful independent record companies, and it will simplify these negotiations.

However, MAM said last night that it had reached agreement in principle with Mr O'Sullivan

before Chrysalis came on the scene.

In 1982 the High Court upheld Mr O'Sullivan's claim against MAM for a larger share of his songs' earnings in a judgment which would have cost the company almost £7m.

Last year the Appeal Court scaled down the award, saying MAM was entitled to reasonable remuneration for its work, but it left the precise sum to be fixed by an official referee.

MAM said yesterday that this process could have taken two

more years to complete and the uncertainty would have been damaging to the company. It had therefore reached a settlement under which Mr O'Sullivan has been paid £1,693,600 for royalties up to July last year, together with a further £156,400 in a frozen royalties account and £133,520 of interest.

The immediate cost to the company is £1.72m but its chairman, Mr Gordon Mills, estimates that tax allowances will much reduce this figure.

Thatcher living 'in cloud cuckoo land'

BY JOHN HUNT

MRS THATCHER is living in cloud cuckoo land with her monetarist policies and is completely out of touch with ordinary people, Mr David Steel, the Liberal leader, told the Scottish Liberal Party conference in Inverness yesterday.

He said that increasingly strange commands were being issued by an authoritarian Prime Minister. She should help the British economy by throwing out the biggest cuckoo of all—the dogmatic monetarist cuckoo.

Mr Steel commented on figures issued yesterday showing that the Liberals won most seats in local council by-elections during March.

He said this meant the party was leading the Tories and Labour in the race towards the shire county elections in May. The figures issued by the Liberals show a Liberal net gain of 15 seats, an SDP gain of two,

a Labour gain of two and a Conservative loss of 15.

There was a concerted campaign yesterday by ministers arguing that the Budget has dramatically improved prospects for jobs and the economy.

Mr Tom King, Employment Secretary, said there was a better outlook than for years. The Budget had opened the way to economic growth, a continued increase in output, demand and investment, a further drop in interest rates and strong growth in employment.

A similar theme was taken up by Mr Leon Brittan, Home Secretary, and Mr Nicholas Ridley, Transport Secretary.

But Mr Gerald Kaufman, Labour's shadow home secretary, said the public had had enough of Mrs Thatcher's "heated words and cold heart." People increasingly regarded Labour as the party of hope and good sense.



David Steel: attack on monetarism

Talks on Malaysian air routes

By Michael Dorne, Aerospace Correspondent

THE UK and Malaysia will hold talks on air services between the two countries in London soon.

British Airways and Malaysian Airlines System have exchanged information on the future levels of traffic on the route between Kuala Lumpur and the UK to determine just what volume of air services by both sides the route will bear.

There has been considerable difficulty in resolving this situation in recent months, with MAS seeking increased services to the UK which the latter has felt bound to deny, believing that the volume of direct end-to-end traffic is insufficient to support more flights.

One important subject in the forthcoming talks will be the levels of onward traffic to and from Australia via Kuala Lumpur that may be carried.

Another difficulty has been recent legislation in Malaysia removing tax exemption for foreigners working in that country unless they travelled by MAS when going home on leave.

● The growth in air travel to, from and within the UK continues.

During February, the British Airports Authority handled 3m passengers at its seven airports (Heathrow, Gatwick, Stansted, Edinburgh, Glasgow, Newcastle and Aberdeen), a rise of 8 per cent on the corresponding month last year.

Grindlays Bank p.l.c.

Interest Rates

Grindlays Bank p.l.c. announces that its base rate for lending will change from 13½% to 13% with effect from 29th March 1985



Grindlays Bank p.l.c.

Head Office: Grindlays Bank p.l.c. Minerva House, Montague Close, London SE1 9DE.

Richard Evans examines the conditions that have helped make Britain a world centre for translating

Language—the barometer of a shifting business climate

ONE OF the UK's less well-known but more sensitive barometers of economic confidence is claimed to be the language translation industry. Rumours of interest rate rises or mounting political problems show in translation workloads in a matter of days.

"Our work is a business confidence indicator that reflects changes in the economic and political climate remarkably quickly," says Mr Michael Eichner, chairman of the international side of the Interlingua-TTI group, the largest group of its kind in the UK following its merger in January.

Mr Eichner's theory, supported by others in the industry, is that the translation of brochures or technical plans is invariably the first to suffer

when business confidence wobbles, because they involve projects that can usually be delayed.

"We have found we are ahead of the market. When confidence starts to slip, decisions on expansion are put back immediately."

The volatility has been modified recently, however, by the increasing amount of work from overseas and by the trend towards multinational translation companies.

Interlingua-TTI, with an annual turnover approaching £4m, has eight offices in the UK and others in New York, Hong Kong and Singapore.

Tek Translation, which has a turnover of more than £2m, has offices in New York and Hong Kong.

Mr Bernard Keigher, managing director of Tek, finds the pattern of international trade can also move very sharply because of sudden political changes. His company used to have close links with Lebanon, but these virtually disappeared overnight. Similarly, business in Libya has ceased because of the political climate.

"Every time something goes wrong for the West politically, it affects our business," he says.

The answer at Tek, regarded as one of the most innovative and dynamic companies, has been to maintain flexibility and to switch rapidly to more profitable markets.

Although translations from and into West European and Scandinavian languages remain

the mainstay of the business, the biggest contracts often concern Arabic, Chinese or Russian.

This is where Mr Keigher, who describes himself as "one of translation's first millionaires," has sought to develop Tek's expertise.

Business in Chinese is also booming and looks set to become the biggest growth market of all, but Russian is slack because of a recent lack of big contracts. Business is sustained at a level mainly by the occasional trade fair.

Business with Saudi Arabia, the Gulf States and other Arabic speaking countries has remained at a high level in spite of the tapering of the boom in large construction contracts.

The emphasis has switched throughout the Middle East to

the translation of educational material.

The merger between Interlingua and TTI, which created Interlingua-TTI, underlines the trend towards bigger companies with overseas links in what has been a very fragmented market.

Subcontracted translation work in the UK is worth about £12m a year, but this excludes in-house translations done by government departments and leading companies, and the work of hundreds of one person outfits.

Most of the bigger companies, with the exception of Tek, belong to the 40-strong Association of Translation Companies which was set up eight years ago.

The presence of a large pool of foreign nationals able to translate accurately into their

own language, the widespread introduction of new technology and the weakness of sterling over the last year have combined to make the UK one of the world centres for translating.

One lesson of recent years, as Tek has shown, is that a degree of specialisation, either in languages or in technical or legal work, can bring success.

Mitaka, for example, is a company based at Leamington Spa whose work is 95 per cent concentrated on Japanese translations which it can do for a much lower cost than in Japan.

Another company, Compatype, does translation work in several languages but specialises in typesetting and much of its work comes from other translation companies.

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Forty years on, who's still on line?

Talks on
Malaysia
air routes

climate

FK

When we grew up, the tin-can telephone was magic to the schoolboy.

Today, a micro and a modem is more his line. Our generation has seen four generations of computers.

But for business communications, it seems we still belong to the old school.

Most of us use old-fashioned delivery boys. (Or couriers, as they are now called.)

When a NEFAX can send pictures and

documents around the world in seconds.

Being out of the office usually means being out of touch.

When we could easily be reached on an NEC cell telephone. In the car, or out on location.

If needs must, we can still be on line over the weekend.

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communications, call us at NEC.

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Rules for Channel link plan expected next week

BY ANDREW TAYLOR

PLANS FOR a fixed link across the Channel enter a decisive phase early next week when the British and French governments publish the financial, technical and safety guidelines the various proposals will have to satisfy.

Promoters of cross-Channel schemes have been given until October 31 to meet these requirements and submit their proposals to both governments. The British and French authorities hope to be able to give the go-ahead for a development by the end of this year.

The deadlines are important if treaties and legislation necessary for a fixed link are to be in place by the end of this year.

The guidelines were approved at a meeting between Mr Nicholas Ridley, the British Transport Secretary, and M Jean Auroux, his French

counterpart, in London on March 20. They will establish the rules under which the schemes' promoters will be expected to raise money from the private sector.

Both governments insist the development must be funded by private money without the aid of financial guarantees.

Promoters have been unable to start raising funds until issues such as the long-term ownership of a fixed link and rights to establish toll rates without government interference are clarified.

The guidelines will also establish minimum safety requirements. A particular concern is the possibility of accidents or serious traffic congestion which could cause dangerous fumes to build up in a tunnel.

One requirement is likely to be for facilities to convey people to a safe area within 90 minutes of an accident.

The guidelines are also understood to stipulate a minimum speed limit of 50 miles per hour in order to keep traffic flowing as well as to restrict gradients at tunnel exits.

The report also deals with the possibility of collision. The guidelines are understood to require that any structure must be capable of withstanding a collision with a fully laden tanker travelling at 17 knot.

Both governments would retain to close the link in the event of an emergency. Any structures would be expected to be built to last for at least 120 years.

Promoters are hoping that the guidelines will clarify the operational and financial roles of the British and French state-owned railways, since the French state-owned railways, since the French insist that any scheme must involve a rail element.

Rates 'make a mockery of local democracy'

Financial Times Reporter

THE LOCAL government finance system should be reconsidered, Mr Alex Fletcher, Consumer Affairs Minister, said last night.

"A further patched-up job will simply not do."

Mr Fletcher, speaking in Melrose, said: "I have to say quite frankly that we Conservatives have held out the prospect of radical change in local taxation for long enough. We have to produce an answer, and soon."

The problem of the level of rates had been "greatly aggravated" by Labour councillors who think they have been elected to spend increasing amounts of other people's money. Labour councillors whose political fantasies are destroying the credibility of local government.

"However, the present rating system is also making a mockery of local democracy. The Government recognises that most people's patience has been exhausted by the absence of radical reform and ministers are fully committed to change."

"What matters now is that the whole question of local government finance should be reconsidered," he said.

Powell warns on Ulster role for Dublin

By John Hunt

Any role for the Dublin Government in Northern Ireland affairs will be opposed by the Ulster Unionists, Mr Enoch Powell warned last night.

Mr Powell, Ulster Unionist MP for South Down, said the people of the province should oppose such moves "with our hearts high, our powder dry and the theme of our forefathers of 1886 and 1912 upon our lips: one crown, one parliament, one people."

His speech, given in County Armagh, following the recent visit to Dublin by Mr Douglas Haug, Northern Ireland Secretary, and Sir Geoffrey Howe, Foreign Secretary, which gave rise to reports that new initiatives with the republic were being considered.

Michael Donne reports on a planned Ministerial mission to Europe

Peace sortie over Euro fighter

MR MICHAEL HESELTINE, Defence Minister, and Mr Geoffrey Pattie, Minister for Aerospace, are expected to visit France soon to break the impasse that threatens to delay multinational collaboration on a new European Fighter Aircraft programme.

This programme calls for the development of a tactical fighter aircraft to replace ageing Jaguars, Phantoms and Lockheed F-104s in the air forces of five European countries—the UK, West Germany, France, Italy and Spain—by the early 1990s. Up to 1,000 aircraft are planned, apart from exports.

With research and development costs of more than £1bn, and production costs as much as £8.5bn (on an aircraft price of about £8m each), the venture could be one of the biggest and most expensive in Western Europe since the Tornado programme in the early 1970s.

It has been talked about for more than two years. The countries involved want a multinational programme to spread the costs and ensure stability. A collaborative venture makes it difficult for one country to cancel for political reasons.

Efforts to achieve such co-operation have been frustrated because of differences on how to achieve it, especially between French aerospace industry and the rest of Europe.

The differences include what sort of aircraft ought to be

developed and how the project should be run.

The French, led by Dassault-Breguet, believe it should be a small, ground-attack aircraft, of about 9.5 tonnes. The other nations have combined their varying ideas into a common formula for a larger 9.5-tonne aircraft capable of other missions, including air superiority over the battlefield.

The French also want a new engine development from the start, based on the Snecma M-88. Other countries want a slower programme, initially using a derivative of the existing European Turbo-Union RB-199, as used in Tornado. Then an engine based on both M-88 and Rolls-Royce RB-540 engine technology could be developed for later versions.

There are also differences of view on programme participation. The French want a 31 per cent stake, with design leadership in France. This is a smaller percentage than they originally sought but is still too high for the UK and West Germany who want the three leading nations (UK, France and West Germany) to have 25 per cent each, with 15 per cent for Italy and 10 per cent for Spain.

M Charles Heru, the French Defence Minister, says France wants a collaborative programme, but the UK industry feels that France wants it on its own terms.

M Heru says there is "a real possibility" of agreement, pro-



Michael Heseltine: bid to break stalemate

mental Aircraft Programme, whilst Dassault has its Avion de Combat Experimental.

Both these ventures are due to fly in 1986 and contain all the advanced technology that would be built into any European aircraft.

The UK and France have also looked at other solutions to the problem. BAe has studied for the Defence Ministry, a single-nation venture, a three-nation programme (like the Panavia Tornado with West Germany and Italy) and a four-nation venture, bringing in Spain but excluding France.

These "insurance" studies are designed to enable defence officials to gauge alternative programmes to the full five-nation programme that everyone really wants to see.

Failure to agree on a full five-nation programme would be unsatisfactory and would provide the opportunity for individual countries to go their own way—the British and French under-taking their own programmes, and West Germany seeking closer collaboration with the U.S.

The result would be a big increase in competition to achieve the next generation of fighter aircraft required in Western Europe, with increased costs and programme complexity.

It is to try to prevent this and to achieve more harmony that the UK ministers are planning their French visit in the next week or two.

Funding study urged for MSC

BY WALTER ELLIS

A STUDY of Manpower Services Commission funding has been urged by the Commons Select Committee on Employment.

The committee, in a report, says the commission had indicated several times in its corporate plan that it would welcome more money to help with possible initiatives.

The committee said "the MSC" has continually been given extra responsibility and wider areas of competence. We feel it important that the MSC be given adequate funding.

"The Government, employers and others have roles here, and we recommend that there should be a funding study of the whole field."

The committee welcomes the extension of the commission's Youth Training Scheme, from one year to two.

It says "An expanded YTS would not in itself solve Britain's problems of skill shortages, but it could help to provide a base on which future training of the workforce could be built."

The committee says the number of long-term unemployed is still increasing and totals about 1.25m. It says: "This is an alarming figure, since the longer someone is without a job the less likely he or she is to get one."

"MSC proposals to introduce a vocational training element into

the Community Programme for the 18-25 age group are welcomed by the committee, which is to undertake its own inquiry into special employment measures for the young."

The committee expresses regret that a proposal it made to the commission last year, to extend the higher, long-term rate of supplementary benefit to people in their fifties who have been unemployed for more than a year, has not been acted on. It repeats its call for an examination of the idea.

The MSC's Corporate Plan, 1985-89, from the report of the House of Commons Employment Select Committee, to be published as HC 244.

Community job support attacked

BY RICHARD TOMKINS

THE Federation of Civil Engineering Contractors yesterday attacked the Government for creating "unreal" jobs in its Community Programme instead of "real" ones in the construction industry.

Mr Jim Shedden, the federation's vice-president, told its south-western section in Taunton that 268,000 construction

jobs had been lost since 1979, far more than the Chancellor proposed to create through the extension of the Community Programme.

"It is curious that when the Government has quite rightly said to us that it will not increase construction spending merely to produce jobs and increase competitiveness of industry as a whole," said Mr. Shedden.

be capable of demonstrating a healthy rate of return, it should be so keen on the Community Programme."

"It must make more sense to concentrate on the production of real jobs, which are not only valuable in themselves but help to increase the efficiency and competitiveness of industry as a whole," said Mr. Shedden.

Safety code due for twin-jet flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Civil Aviation Authority is to produce new safety rules for long-distance flights by twin-engine aircraft, especially over water, following growing interest by UK airlines.

The emergence of such big twin-engine aircraft as the Boeing 767 and Airbus A-310 has resulted in many airlines wanting to use them for long flights which in the past have been operated by larger four-engine Boeing 747s or tri-jet Lockheed TriStars or McDonnell Douglas DC-10s.

Those aircraft seat at least 350 passengers each, whereas the twin-engine long-range jets seat between 200 and 250. This means they are more profitable to airlines on routes where traffic clouds are lower.

Already Trans World Air-

lines is flying Boeing 767 extended-range twin-engine jets non-stop from Boston to Paris, and plans to fly them to London later this spring.

Air Canada is planning similar 767 flights from Halifax (Nova Scotia) to Prestwick and London, while El Al of Israel is planning non-stop Canada-Israel operations.

As more airlines buy twin-engine jets, the need for rules governing their safety over long distance flights—both over water, such as across the large tracts of Africa, the Middle East and South East Asia, especially at night—becomes more pressing.

The CAA, with the U.S. Federal Aviation Administration is discussing rules with UK airlines, pilot bodies and

aircraft manufacturers. The aim is to ensure that the authority gives clearance to a twin-engine aircraft, which in the event of an engine failure, could reach a safe airport within 60 minutes.

Where it would take more than 60 minutes the authority will insist on special rules.

These will include the need for sufficient emergency power generators to enable all the aircraft's navigation and other systems to be maintained despite the loss of one engine.

The aim will be to ensure that long-distance flights by twin-engine aircraft are no less safe than those by other public transport aeroplanes, says the CAA.

If the discussions are successful the new rules could become effective later this year.

Licensed deposit taker status

THE LONDON representative office of Oesterreichische Landesbank will be turned into a branch office with licensed deposit taker status on Monday. It is intended to apply for registered bank status in due course.

Everards opens £10m brewhouse

EVERARDS BREWERY opened a £10m brewhouse at Castle Acres in Narborough, near Leicester, yesterday. The plant was set into operation by Mr Nigel Lawson, Chancellor of the Exchequer and MP for Blaby, the local constituency, who said he was pleased by the confidence in the future the investment represented.

DAVID BROWN GEAR INDUSTRIES, Huddersfield. He was director of administration.

FIRST INTERSTATE, London, has promoted to executive director: Mr Reuben Cohen, Mr Graham C. Morris and Mr James D. Wyatt, and to associate director: Mr Barry C. Deeks, Mr Yanki Hirose and Mr Euseb Jen Sung.

Mr John Preston has been appointed as managing director of POLYDOR RECORDS UK. Mr Preston, who was formerly marketing director, replaces Mr A. J. Morris, who has moved on to become regional director of PolyGram International.

Mr Andy Laing has joined BREAKMATE as sales and marketing director.

APPOINTMENTS

Bowring restructures in Scotland

Changes are taking place in the insurance broking operations of the BOWRING GROUP in Scotland, following the retirement of Mr Alex W. Murray, chairman of the Scottish region of Bowring UK, at the end of March. Bowring is to place greater emphasis on Scotland as a geographical region, rather than as a series of separate offices. Bowring Smith (Insurance Brokers), Carlisle, will join the Bowring offices in Aberdeen, Dundee, Edinburgh and Glasgow to form Bowring in Scotland. Spearheading these developments will be Mr Len Hughes, the new regional chairman who succeeds Murray. Mr Hughes is also deputy chief executive of Bowring UK. The new development director for the region is Mr Douglas Smith, who has relinquished his position as chief executive of Bowring Smith and Raphael in Edinburgh, although he remains a director.

SKETCHLEY has made the following board changes: Mr Malcolm Glen will join the board on May 1 as group chief executive. He is chief executive of the Reed Products Group of Reed International. Mr Charles Wenham, group managing director since September 1983 has left to pursue other interests. Mr Peter Dobbie and Mr Geoffrey Maddrell have joined the board. Mr Dobbie becomes group marketing director. He has been marketing director of Sketchley Cleaners since 1978 and director of marketing for the group since April 1983. Mr Maddrell joins the board as a non-executive director. He has been an executive director of Bowring Industries since 1978. Mr Bernard Gittow, who has been a director since July 1982, has resigned. He will continue to be associated with the company's interests in the U.S. generally, and in particular on the board of the Textile Rental Services Association in the U.S.

Mr R. G. Woodcock, managing director of EVE CONSTRUCTION, retires at the end of March. Mr R. E. D. Staples is appointed managing director and Mr A. J. King joins the board as director—responsible for the building and civil engineering construction division.

Mr David Archer has been appointed managing director of SECOMAK AIR PRODUCTS, London-based Halma environmental control division subsidiary. He was formerly production director of S & P Cell Products. Mr Roy Bergerow has been appointed finance director of Seconak. He was group accountant.

Following the acquisition of Sir Joseph Causton and Sons, Mr John Grainger has been appointed to the board of NORTON OPAX. He has been managing director of Sir Joseph Causton since 1974. Mr Brian

Shawcross has also been appointed a director. He has been managing director of Hunkydory Designs and also has responsibility for Claude Gill Books, Causton Publishing (diaries), Causton International (incentive gifts) and Foolsap (retail stationers). Mr Roy Bondsfield has been appointed company secretary, allowing Mr Roger Dimbleby to concentrate on his role as finance director. Mr Bondsfield has been finance director of Sir Joseph Causton since 1976.

Mr James H. Wilberg has been appointed a non-executive director of HEWORTH CERAMIC HOLDINGS. In 1983 he founded, and was chairman of, Western Plastics Corporation U.S. until 1980 when that company was acquired by the Heworth Ceramic Group.

DUN & BRADSTREET has appointed to the board: Mr Jim

Armstrong (credit services); Mr John Dawson (public services); Mr Andrew Dick (marketing and financial services); and Mr Mike Gibbard (finance).

Mr James H. Wilberg has been appointed a non-executive director of HEWORTH CERAMIC HOLDINGS. In 1983 he founded, and was chairman of, Western Plastics Corporation U.S. until 1980 when that company was acquired by the Heworth Ceramic Group.

Mr Jim Wilson has been appointed managing director of



Income Bonds and Deposit Bonds

NOTICE OF INTEREST RATE CHANGES

From 12 May 1985 the rate of interest payable on Income Bonds and Deposit Bonds will be changed from 12.75% to 13.25% p.a.

Issued by the Department for National Savings on behalf of HM Treasury.

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Walter E. Heller & Company, Walter E. Heller Overseas Corporation

Deluged by company results

Like a tidal wave, results from the corporate sector deluged the market this week with something close to 150 companies producing figures. As the analysts waded through the announcements there were few that failed to live up to the City's expectations—which has to be good news. But share prices that have been discounting profits for months in advance are unlikely to respond dramatically when expectations are confirmed. So the equity market tended to drift downwards as investors started to concentrate on one or two negative factors.

The currency markets are still the main focus of attention. The rise in the dollar was broken this week with a particularly vicious shakeout on Wednesday which left the sterling index at its highest level since September, as currency players rushed to take advantage of high British interest rates. A couple of the clearers decided to clip their base rates by half a point to 13 per cent, though the Bank did not look amused and the other two High Street banks held theirs at 13½ per cent.

With sterling having made up a fair amount of lost ground, but interest rates still at relatively high levels, the obvious fear is that some companies will be squeezed by large interest bills without any benefit of a weaker currency. And unless the growth of the money supply decelerates sharply, the decline in interest rates could be a long process.

So while the gloss is coming off prospects for profits, the investment institutions are also looking at some hefty calls on their purses. Those large rights issues from the likes of Barclays, Trafalgar House, Fisons and United Biscuits have got to be paid for and, before investors know it, the British Aerospace prospectus will be landing, shortly to be followed by the next instalment of Telecom. With that sort of commitment in front of them, there seems little reason for the institutions to push money into a rather dull equity market at present.

British Aerospace

The sale of the Government's remaining stake in British Aerospace this spring, along with

LONDON

ONLOOKER

the company's own rights issue should proceed without a hitch. The full year figures for 1984 were published this week and while they were no better than the market had anticipated, the whole perception of BAE is far more positive these days.

Actually, looking back over the performance charts of the last four years, it took the attentions of Thorn EMI and GEC last summer to act as a catalyst for reviving. But it says something for the group that it has held on to its higher price, despite the removal of bid thoughts.

BAE's total pre-tax profits rose by 46 per cent to £120m—right in line with City forecasts. The only dull performer turned out to be "space" where losses increased from £14.2m to £15.2m on lower turnover. The deficit has probably been inflated by provisions against possible losses on the Unisat contract, but the market was more concerned with the profits growth from the military aircraft and guided weapon and electronic systems divisions, where BAE makes the bulk of its money.

Civil aircraft profits are still marginal at £7.5m compared to £13.6m in 1983 but this disregards launching costs, anyway, which rose by nearly £10m to £51.1m and are set against group profits rather than that particular division. Exactly when the civil aviation market will take off again is a moot point. For the moment it is probably fair to assume that civil aircraft will continue to eat up BAE cash for the next couple of years.

BAT reaches £1.4bn.

As a whole, group profits in 1985 look set to reach around £150m pre-tax with reduced losses from space, a slightly better performance from military and civil aircraft and a sharp increase again from guided weapons. That drops the prospective p/e to around 6 which is hardly demanding.

Exclusive membership of the "Over £1bn profits club," oil

barons aside, has been doubled with the arrival of BAT Industries, sporting a £1.4bn profit for 1984. To join ICL, BAT's figures, showing a 44 per cent increase pre-tax, should have been an occasion for some satisfaction in the City but the group failed to please and the share price dropped by more than 6 per cent on the day of the news.

There were two reasons for the sour reception, one totally beyond BAT's control. With 57 per cent of operating profits earned in North America and straight currency gains accounting for around £200m of the £400m profits advance, the shares are obviously vulnerable to any downward twitch in the dollar. And BAT picked the very day that the dollar started to fall in earnest to report its results.

The other factor to mar the announcement was the unusual accounting treatment at Eagle Star. BAT has decided to bolster the insurance subsidiary's profits by including £95m of profit for unrealised capital gains. Jumbling up unrealised gains with operating profits is a little adventurous, to say the least, and while it highlights the fact that reported figures from composites generally do not tell the whole tale of performance, it is not a move that will find many imitators.

In fact shareholders might wonder why BAT has thought it necessary to try such a novel accounting method at Eagle Star. An increment of £95m does not make that much difference when reporting £1.4bn, especially as £1.3bn would anyway have been at the top end of brokers' forecasts. However, without that treatment Eagle Star's profits would have been just £70m, excluding Grove-wood, and that would not have been much of a return on an acquisition costing the best part of £1bn.

Anyway, Eagle aside, BAT has come through with a very strong performance. Exchange rates have obviously helped, particularly in the tobacco division where operating profits jumped by 28 per cent to £700m. But even so tobacco experienced good gains in three leading markets—Brazil, West Germany and the U.S.—after a fairly poor 1983.

The retail side, now BAT's

biggest profits centre outside tobacco, was something of a mixed bag, but overall it showed an increase of a third to £221m at the operating level.

The U.S. subsidiaries faced a difficult year with dollar earnings down by about a tenth. Margins were eroded by heavy price-cutting to clear excessive stocks levels, while the vagaries of the weather upset traditional sales patterns.

In the UK, however, Argos enjoyed an exceptional year with a strong rise in profits. The venture into jewellery retailing is also going well. In Germany, Herten made an initial contribution, worth something over £20m for four months as the period covered one of the company's peak selling seasons.

The paper division's profits jumped by 44 per cent to £144m with Appleton in the U.S. putting up an impressive performance.

Sentiment is clearly against the shares at the moment because of the weakness of the dollar but even so analysts are still looking for some modest growth in the current year. Assuming profits reach around £1,550m pre-tax, the prospective p/e drops to around 5½, which is hardly expensive in anybody's book. Before BAT gets to reporting 1985 figures, however, the market is more than likely to have been treated to one or two large takeovers again.

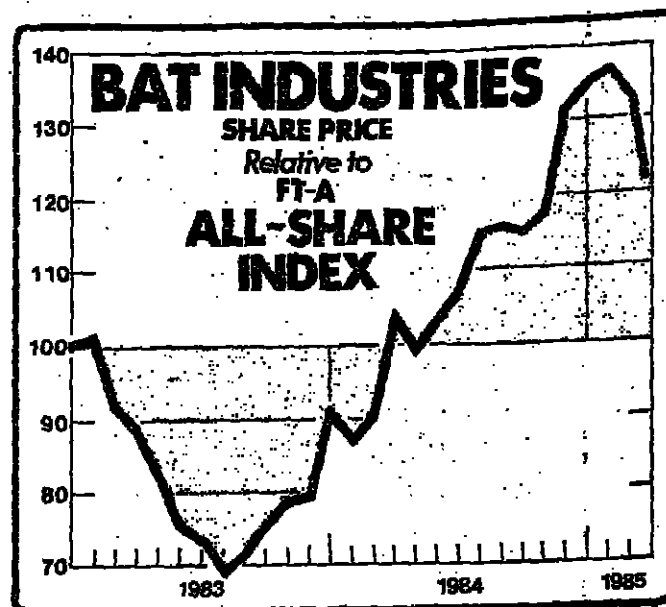
A bid for UBM

Norcorros and UBM Group finally tied the knot this week with an agreed offer valuing the builders' merchant at £113m. Shareholders in UBM should be more than satisfied with the terms, for Norcorros is offering seven of its own shares for every 10 UBM shares they hold. That is worth a couple of pence per share more than the cash alternative pitched at 189p. If anyone has room for complaint it could be Norcorros' shareholders whose company is paying a generous price for the agreement of the UBM board.

For years throughout the seventies UBM—or as it then was, United Builders Merchants—was labelled as a bid target. Its profits performance was dismal and the management seemed unable, to observers in the City, to pull the group out of its rut. Indeed, such were the group's problems that more than one prospective buyer is believed to have run an eye over the group only to walk away fearing that it was beyond redemption.

Management changes in 1982 heralded a change of attitude but the new men very nearly lost their chance to revitalise UBM. Norcorros launched an aggressive bid of £54m in August 1983. Even with a further £13m added to the price a month later, however, the UBM management was able to rally sufficient institutional and private shareholder support to fend off the unwanted bid. But Norcorros was left holding a 36.5 per cent stake.

Yet even that offer, worth 125p in cash, was regarded as too generous by some in the market who could see Norcorros shareholders ending up with a diluted earnings base. So by the time a veto had rolled by, and Norcorros was free to bid again last October, there were few investors around that thought the building materials and engineering group would have another crack at a bid.



So when both UBM and Norcorros called for a suspension of their shares on Tuesday, after a sharp rise in UBM's price, there were still those around who believed the move to be a forerunner of a placing of Norcorros' stake. And with the shares standing within pence of each other that belief has some justification. When Norcorros first launched its bid in 1983 its shares were trading at a premium of 45 per cent to UBM's.

So, not surprisingly, some are greeting the agreed deal with a certain amount of dismay. UBM has estimated profits of £13.5m for the 12 months to the end of last February, compared to £10.2m. On that basis Norcorros is paying an exit p/e of 13 for a group which could be very close to the top of its profits cycle.

The bidder does have the advantage of having bought out a third of the equity at a lower price but, even so, capital gearing will be raised to about 55 per cent and though Norcorros may be able to avoid earnings dilution in 1986 its shareholders might have been better served by selling the UBM stake and buying something unaffected by the construction cycle.

A meeker Pru

Thanks to its non-life business, the mighty Prudential does not look quite so mighty these days. Figures announced this week show that profits for 1984 fell by a fifth to £58m and even that is after the country's largest life group has indulged in a little massaging of the results.

The group has distributed some of the fat in its life funds to policyholders by additional bonus payments with the automatic result that shareholders get their percentage—a £23m non-recurring benefit straight

into the profits.

The Pru has also decided to adopt a policy of discounting of reserves at Mercantile and General, its poor performing reinsurance subsidiary. That has had the effect of reducing the reported underwriting loss by £20m.

But in fairness a substantial amount has been pushed into reserves at M and G before the profit levels have been struck, so the attempt to flatter by tucking part of the underwriting losses out of the way only partially softens the blow of bolstering M and G's reserves. So this swings-and-roundabouts arrangement actually leaves reported profits lower than they might have been.

But no matter how the analysts play around with the numbers to get a clean figure, the important fact is that the Pru's general insurance operations have continued to produce some grisly results. Yet, as with the composites which have reported recently, it does seem that the bottom of the cycle has been passed. Nobody should think in terms of anything other than a long haul back to health for the non-life business but the recovery potential there and the underlying confidence within the management is evident in the dividend declaration.

Despite a one-third fall in earnings per share to 15.1p the group has posted a 3p increase in the payout to 22p. That was better than the market had expected and now the analysts are talking of 25p or 26p for the current year raising the yield to 6 per cent. That puts a sufficient platform under the price to hold it around the 600p mark until the profit start to recover.

Terry Garrett

Animal noises

NEW YORK

WILLIAM HALL

WHEN President Reagan turned up at the New York Stock Exchange on Thursday morning to ring the opening bell and deliver a pep talk to Wall Street traders, he was in fine form.

Describing the American economy as a racehorse that's begun to gallop in front of the field, President Reagan vowed "to turn the bull loose" and "drive the bears back into hibernation." But Wall Street failed to respond to this fighting talk.

He came down to "lecture the choir." This was how Bob Stovall, a senior vice-president at Dean Witter Reynolds, summed up the first visit of a U.S. President to the 183-year-old stock exchange. Accompanied by Donald Regan, the former head of Merrill Lynch and now his chief of staff, the President clearly enjoyed his visit to the heart of American capitalism, and joked that "what you have done for me is better than a hot tip."

Wall Street dealers were impressed by the President's confident mood but it was not sufficient to shake the stock market out of its current doldrums. The collapse of the dollar, concern about corporate profits and the mixed signals coming out of the U.S. economy have left the market in a confused state at the end of the first quarter of 1985.

After the previous week's 20-point rally, Wall Street has drifted for much of this week in spite of a firm performance in the U.S. credit markets. The immediate cloud hanging over the market is the stream of increasingly gloomy earnings projections coming out of both Wall Street and the companies themselves.

IBM shares, which have a big influence on the overall New York Stock Exchange average, plunged by \$3 to \$124½ on Monday after the company said it would report lower earnings in the first quarter. Its first quarterly earnings decline since late 1981. IBM earned \$1.97 a share last year and Wall Street's projections for the latest quarter are between \$1.50 and \$1.55 a share.

The giant computer maker blamed the strong dollar and new product introductions for its short-term setback but says that it is expecting a strong second half. Wall Street seems to agree and E. R. Hutton, for example, has estimated full year earnings for IBM of \$11.75 a share, compared with \$10.77 a share in 1984. General Electric has been another blue chip whose performance has pulled down the

market this week. First it announced that its first-quarter earnings would be in the range of \$1.10 to \$1.15 per share, compared with the market's consensus view that the company would earn \$1.20, against \$1.07 last year.

Then it became embroiled in an embarrassing row with the U.S. Defence Department which charged it with defrauding the Government by charging too much. On Thursday the U.S. Air Force took the highly unusual step of suspending the company temporarily from receiving any new defence contracts. GE, the country's fourth biggest defence contractor, feels that the Government has overreacted following the allegations that the group may have overestimated some \$0.8m of Government bills.

Coming on the heels of a Government crackdown on General Dynamics, the nation's number one defence contractor, it looks as if this is all part of a well rehearsed campaign to demonstrate to the great American public that all the extra billions of dollars which have been earmarked for the rapidly escalating defence programme are not being wasted.

The big U.S. defence contractors have done very well since President Reagan came to power while the rest of U.S. industry has been struggling to recover from the combination of the recession and very high real interest rates.

As often happens Wall Street finds it very difficult to strike a balance between steady euphoria and unrequited gloom. This week was no exception and the market has tended to ignore some reasonably good news which could fuel another attempt at the 1,000 level.

In spite of the recent weakness on Wall Street in recent weeks, investors have had a good first quarter. The overall stock market, as measured by the New York Stock Exchange Composite Index has risen by more than 7½ per cent since the start of the year and the over-the-counter market is up by over 12 per cent.

Weekly 1,289.94 - 7.51
Tuesday 1,289.72 - 0.22
Wednesday 1,284.91 + 5.19
Thursday 1,284.71 - 4.20

MARKET HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1984/5 High	1984/5 Low	
FT. Ord. Index	964.3	-28.1	1,024.5	755.3	Post-Budget spathy continues
Australian Cons. Minerals	45	+11	45	17	Firm bullion price
Bell (Ardur)	138	-20	177	130	Interim results disappoint
British Aerospace	423	+48	423	216	Excellent annual results
Brown (Matthew)	442	+27	442	208	Bid situation
Burnett & Hallamshire	90	+20	265	45	Rally from recent weakness
Clyde Petroleum	95	+9	150	80	Better-than-expected results
Delta Group	155	+23	155	65	Impressive annual results
Energy Services	90	+29	90	34	Bid from Peak Hldgs.
French Connection	260	-100	395	145	Broker lowers profits forecast
Gas (Cecil)	140	-45	195	121	Disappointing annual results
Jantar	23	+10	27	11	Sharply increased dividend
Lloyds Bank	523	-27	620	417	Latin American debt situation
Manchester Ship Canal	326	+34	330	157	Asset value considerations
Reardon Smith	27	+10	47	4	Speculative demand
Royal Bank of Scotland	270	-22	294	180	Fading bid hopes
The Times Veneer	49	+7	52	9	Bid from Cap. Dev. International
Thorn EMI	396	-34	706	375	Adverse circular/linnos worries
UBM	186	+47	190	125	Agreed bid from Norcorros
Woolworth	780	+87	784	340	Bumper results/scrp issue

MURRAY INTERNATIONAL TRUST PLC

Results for the year ended 31 December 1984

	1984	1983
Equity shareholders' interest	£182,330,618	£150,924,284
Asset value per share	152.8p	126.5p
Revenue available for ordinary shareholders	£4,026,412	£2,224,689
Earnings per ordinary share	3.44p	1.91p
Ordinary dividend per share—interim	0.70p	0.50p
—final	3.10p	1.40p
Capitalisation issue in B ordinary shares	3.01314%	1.66078%

Investment Objective
To achieve growth in net asset value and a steadily rising income through an international portfolio largely based in the UK, USA and Japan.

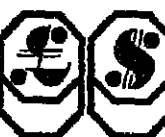
Investment Performance
In 1984:
Net asset value increased 21%
Shareholders revenue increased 81%
Dividend increased 100%

Over 5 years:
Net asset value increased 188%
Shareholders revenue increased 141%
Dividend increased 171%

Distribution of assets as a percentage of shareholders' equity.

	1984	1983
Equities	%	%
United Kingdom	30.5	31.2
North America	34.3	40.0
Japan	13.1	17.6
Far East	1.6	2.3
Europe	3.0	4.4
Brazil	0.4	0.4
South Africa	0.1	—
Bonds and Cash	83.0	95.9
United Kingdom	0.3	0.7
North America	19.5	18.4
Japan	6.6	4.0
Net cash	6.8	0.6
	33.2	23.7
	116.2	119.6
	(16.2)	(19.6)
	100.0	100.0

Less prior charges at nominal value



MURRAY JOHNSTONE

Copies of the report may be obtained from the Secretary, Murray International Trust PLC, 163 Hope Street, Glasgow G2 2UH.

Signs of a slow-down in junior market

Unlisted Securities Market

THE FIRST signs have appeared of a slow-down in the number of new companies joining the USM.

When dealings began in architectural ironmonger Laidlaw Thompson yesterday, the company became only the 17th new issue on the market this year. By the same time last year 26 companies had joined.

It is too early to be certain about definite trends in the market but it seems clear that the main reason for this decrease is a sudden fall in the number of computer-related companies coming to the market.

The first quarter of this year has seen only two—software house Spafax and Memcom—an electronic filing company—against eight last year.

Brian Winterlood, managing director of Jobber County Bisgood (formerly Bisgood Bishop) is convinced that brokers are reluctant to bring new high-technology companies to the market in the wake of the collapse of shares in Acorn Computer and other computer-related companies on the USM, such as Xylyx and Cifer.

Other market experts are less certain of the reasons for the downturn in new issues. But it is difficult to find alternative

explanations. The USM, like the main market, has held up well in the last three months despite the spectacular movements of sterling and interest rate increase. The USM index is almost 10 per cent higher than at the beginning of January.

Admittedly, there has also been a sharp decline in the number of new issues on the main market this year—eight against 17. But this is readily explained. First, there was a flood of companies seeking a listing late last year before new regulations were brought in making it much more expensive to secure a stock exchange quotation.

Second, there has been a great increase in rights issues in this quarter—25 against 16—taking up the market's capacity for raising new capital.

Meanwhile, the market makers on the over-the-counter market report that they are

busier than ever. Harvard Securities says it has brought three new companies to the OTC market against five last year.

But it seems unlikely that this increase has been achieved at the expense of the USM—most recent OTC flotation have offered investors shares which qualify for tax relief under the Business Expansion Scheme.

Investors in USM companies are not eligible for this relief. In any case, start-ups find it harder to come to the USM these days, when the three-year track record tends to be obligatory.

Certainly, there seems no general decline in interest in the USM among companies looking for a flotation. Alan Comber, partner in accountant Peat, Marwick, Mitchell, says that offices across the country seem to be as busy as ever with likely-looking companies.

Indeed, the lull in high-technology flotations may be no bad thing for the USM. For it has given time for a broader range of businesses to come to the market, giving investors more choice and allowing them to build more broadly-based portfolios.

As a glance at the table shows, this year's crop of new issues includes companies in old-

established industries. But there is also plenty of room for the latest fashions—wallpaper companies Osborne and Little has caught the investor's imagination because of the emphasis it places on design, and so it leapt to a 124.4 per cent premium over the issue price—a USM record for the year.

Just behind Osborne and Little is Bluebird Toys, trading at a 58 per cent premium, whose founder, chairman and chief executive Torquill Norman has won strong City support.

Turning to the bottom of the table, there are seven companies which have failed to rise above the issue price. Antique dealer William Bedford is a special case since it arrived by means of an offer for sale by tender, which was so popular that the price struck—185p—was well above the minimum price of 100p.

The worst performers were, significantly, both graduates from the OTC market—Optometrics and Memcom. In each case, it seems that investors who had bought shares on the OTC have taken the change to sell when the USM flotation made the stock more marketable.

Stefan Wagstyl

USM New issues of 1985

Company	Launch	Issue price	Current price	% change
Optometrics	3/1	55p	42p	-23.6
Sennett and Fountain	14/1	10p	13p	+30.0
Spafax	17/1	68p	104p	+62.9
Waltham Foods	21/1	95p	113p	+18.9
Synapse	28/1	174p	215p	+23.6
Consolidated Tern	31/1	105p	95p	-9.5
Memcom	4/2	300p	268p	-10.7
Bluebird Toys	4/2	90p	128p	+42.2
Osborne and Little	18/2	125p	203p	+62.4
Sims Catering	28/2	123p	155p	+26.1
Maybew	4/3	100p	123p	+23.0
BTS	7/3	82p	76p	-7.3
Pepco	11/3	180p	160p	-11.1
William Bedford	21/3	185p	185p	0
Crown International	25/3	60p	78p	+30.0
Laidlaw Thompson	29/3	83p	82p	-1.2
USM index 31/1/85: 110.10			28.3/85: 120.62	+9.6

Source: Datastream

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Bank of Scotland Base Rate

Bank of Scotland announces that, with effect from 29th March 1985

its Base Rate will be

decreased from

13.50% per annum

to 13.25% per annum.

BANK OF SCOTLAND
A FRIEND FOR LIFE

YOUR SAVING AND INVESTMENTS

Loss of a holiday

A reputable travel firm recommends a tour operator for a holiday, and as it is due to commence 3 weeks later it requires full payment (£3,886). Two days before the holiday is cancelled and I am involved in considerable financial loss. In consequence of alterations etc. X advised there would be no problem over a refund, as in fact they had paid no monies to Y—a circumstance in itself which must have contributed to Y's insolvency—and a refund was duly made of the original sum. Since X has held my money for the period involved, I consider I am due some compensation if only on the interest which will have been earned in the period. Do you agree?

We do not think that you would have any valid claim to compensation in law (beyond the refund of your deposit). You might however invite firm X to let you have interest on your deposit, not as matter of right, but in the interest of goodwill.

Error by a bank

On December 17 1984, I was already holding 750 shares in a company but I had over the weekend contemplated buying for recovery. On Monday the 17th December I saw the year end report on telefax and they had put on 8p from 47p to 55p. Having missed this 8p, I was not deterred, so I went into my bank and signed to buy 5,000 at today's best. I have been buying and selling like this with the bank for 20 years. The closing price on the 17th was still 55p.

On Tuesday the 18th they put on a further 12p, and I was pleased my judgment was correct. When I received my contract note I was shocked to find that the bargain had not been done until December 20th and at a price of 67p instead of 55p.

I rang the bank manager and he said he would enquire into this complaint. I have since then had a word with the clerk who manifested the deal, and he has done this correctly in the past, but he is full of excuses over what happened to this deal. He says he put the buying order in the post. How can you buy at "today's best" through the post? I feel he has been careless in executing his duty, but I am the one who stands to lose the £800. What

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

can I do about this error?

We think that you have a valid case to require the Bank to make up your loss. It was up to the Bank to ensure that the transaction was effected on the day on which you signed for purchase if the bargain was to be at that day's best price.

Use of a granny flat

Some three years ago we extended our property to enable my mother to move into a self-contained granny flat. Planning permission was obtained and a copy is enclosed for your information. My mother died at the end of last year and we decided to let the flat. The planners tell us that their consent only covers occupation by an immediate member of the family. Do you feel that the local authority view is correct? After all we could have been letting the property to my mother.

In the circumstances we are considering taking in a lodger to occupy the flat. Do you think this is feasible? If so, what level of services need we provide? Would some sort of written agreement be necessary?

We think that the form of planning permission given does not restrict the occupancy of the flat to members of the family. The phrase "granny flat" is apt to describe the nature of the accommodation, not the use to which it may be put. On a new letting you do not need to provide services, but should consult a solicitor.

Indemnity required

Last year I returned some share certificates to the Registrars of the company so that they could be registered in the new name following an agreed takeover. The new certificates were apparently posted to me

last February but have never arrived. On requesting duplicates I have been sent what is apparently the usual indemnity from asking me to cover them against all claims and to pay my bank to counter-sign the indemnity—the same bank which is acting as Registrar. By all logic it would appear to be the Registrars who should indemnify me against loss of the certificates since it is I who will be the loser if the original certificates are in the wrong hands assuming they have indeed been posted. I have written to ask whether they can produce any evidence that they have been posted. Do I have any legal right to demand the return of the certificates or do I have to acquiesce in this illogical procedure? Is posting considered to be delivering in the eyes of the law? If the answer to the above is yes—what would be the position if my certificates had not arrived at the bank after I had posted them by recorded delivery?

As a matter of law it remains doubtful whether the practice of asking for an indemnity on the issue of duplicate shares is justified. In practice, however, most people give the indemnity rather than issue proceedings against the company for the delivery of the share certificates; which the company is bound by law to do. We do not think that posting is sufficient, certainly not without registration or recorded delivery service.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Purchase of house abroad

I have a substantial sum on current account in Switzerland for several years (since lifting of exchange control), originally intended for house purchase which never took place. The money was left for possible exchange benefit on the advice of a resident relative and has certainly shown a good result in sterling terms. The exchange now moves little and I am thinking of repatriating it perhaps to Guernsey where I have other funds. Are there any circumstances which would give rise to gains tax on this repatriation and, if so, how can they be avoided? No interest was involved. The gain could well be in excess of £10,000 on paper.

Provided that you can produce some evidence that the Swiss Francs were originally acquired for the purchase of a house, the gain should be exempt from CGT. Section 135 (2) of the CGT Act 1979 exempts "a sum in an individual's bank account representing currency acquired by the holder for... expenditure on the provision... of any residence outside the United Kingdom."

Gold bounces back but doubts persist

AFTER more than two years of steady decline the gold price has at last bounced back, as a beneficiary of nervousness about the U.S. banking system and dollar.

Newspaper advertisements for gold funds and kruggerands, which had been long gathering dust, have suddenly started re-appearing.

In dollar terms, gold's performance has been impressive. From a low of \$284 an oz last month it has rebounded to around \$330, at one stage hitting \$350.

But before you rush out to stock up with kruggerands, it is worth looking at just what has been behind the recent

recovery and the factors which affect the outlook.

And note that the price of gold in sterling terms, tells rather a different story than the more generally quoted dollar price.

The experts in London's bullion market are agreed that the speed of the recent recovery—the price was below \$300 as late as March 18—was due largely to technical factors.

The scene was set by gold's steady decline over the past few months to below \$300.

The dollar's continuing strength and high U.S. interest rates had prompted U.S. investors in particular to go short of gold on the futures and

options markets.

At the same time, with the price below \$300, physical demand for gold—particularly from the jewellery trade and hoarders in the Far East—began to pick up, giving the market some underlying trend.

Once the price began to rise because of concern over the dollar its momentum became self-generating as the speculators with short positions scrambled to cover their positions.

Since then a further fall in the dollar's value has allowed it to consolidate, and brought some revival of speculative demand.

The key to the outlook, however, will be whether the recent move out of dollars is more than a temporary loss of confidence, which would re-establish gold's credentials as a safe haven in times of crisis.

Robert Beale, a director of the gold bullion dealer Samuel Montagu, says that there have been some signs of investor, or

speculative, buying of gold needed for a sustained rise in the metal's value. Underlying demand for gold from industrial users has also remained strong.

But Mr Beale and other experts in the market agree that the price still mirrors the fortunes of the dollar, which means that it has gained little in terms of sterling and many other currencies.

The sterling price has been more or less unchanged at about £270 for all of this month.

Many believe that for gold to take off there would have to be a major upsurge in inflationary expectations in the U.S. to restore what is regarded as the price of precious metals.

And although there are now increasing worries about the outlook for prices in the U.S. there is little indication of runaway inflation.

Phillip Stephens

If you can't beat them...

LIFE COMPANIES generally regard building societies as deadly rivals and try to get customers to switch as much of their money as possible from building societies into life or pension contracts.

However, Crown Life has taken the opposite stance in designing its latest product, the Second Savings Account. The promotional literature announces that "Everyone should have a building society account."

This new plan is designed to

complement building society investment, using its best features.

Investors like building society investment because the operations of its savings are simple and flexible and access to cash is easy. These are the two central features of Crown's new plan.

Investors can make both lump sum and regular payments into the plan. Details of the investment are kept in an accounts book so that the in-

vestor can see exactly where his account stands.

Withdrawals can be made at any time, provided at least £500 is kept in the account. Contributions can be varied or even missed without formality or penalty. Once the investor has saved £2,500, the plan provides a special type of cheque book for withdrawals.

The plan comes in three forms, the most basic being a three star account. Here, the basic regular contribution is £30 a month. This gives a bonus after five years and can provide the basis for a mortgage. There are several guarantees on increasing life assur-

ance cover and there are options on sickness, disability and further life cover.

For four stars, the investor gets redundancy protection, a special bonus on all regular contributions, higher priority for mortgages and more investment flexibility.

Five stars gives guaranteed access to mortgage funds, a higher bonus, free switching between funds and interest-free loans.

The plan has an average set of charges and the investment performance of its 11 funds on offer has been above average.

Eric Short

Gulliver breaks out

GULLIVER, the golden giant, has at last broken some bonds to his captors at his tormentors. The sudden rise in the dollar price of gold has caught many traders in New York on the wrong foot and their need to cover short positions has cost them dearly to the point at which one clearing member of the futures market has gone to the wall.

As Mr J. Ogilvie Thompson, chairman of South Africa's big Anglo-American Gold Investment (Amgold) has pointed out this week, the strong rise in the value of the U.S. dollar has been the major dampening influence over the dollar price of gold during the past two years.

As the dollar has risen so it has required less dollars to buy an ounce of gold, hence the fall in the U.S. price. By the same token, the recent fall in the

MINING

KENNETH MARSTON

certainities, such as inflationary and banking fears, cast a shadow over the value of paper currencies.

So what of gold shares? The South Africans may still buy theirs because if the rand stays weak then the mines will continue to obtain good rand prices for their gold output.

However, as the chairmen of the Anglo American group's Transvaal mines have pointed out in the annual reports this week, South Africa's rising inflation rate could push up working costs which have been well contained so far; it will be interesting to see how they have moved in the first three months of this year when the quarterly reports are published next month.

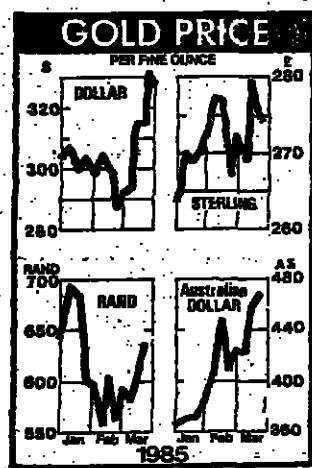
From the point of view of UK investors South African gold shares are not cheap. Because of the rise in sterling, rand dividends are worth that much less over here while dividend yields are far lower than they would normally be when allowance is made for political uncertainties; the latter have hardly eased in recent weeks.

If, and this is by no means certain, the dollar continues to falter and the gold price goes higher in dollar terms, the North American and the Australian gold mines should do well.

But, small investors should tread warily and look upon purchases as a form of insurance policy. The Anglo American group's Bermuda-registered flagship for investment outside South Africa, Minerals and Resources Corporation (Minroco), continues to sail through gold and rough seas. In the first half of the year to June 30 net earnings have dropped to U.S.\$22m (£17.7m), or 13 cents per share, from \$295.7m a year ago when there was an extraordinary gain of \$130.3m on the sale of part of the holding in the U.S. Pithro-Salomon commodity dealing and investment banking group.

This time Minroco has had to debit \$40.4m for its share of the 38 per cent-owned Charter Consolidated's losses on investments in Johnson Matthey and Cape Industries plus Engelhard's losses on refinery closures.

Other interests have suffered from the strength of the dollar and low metal prices and no improvement is likely in the second half of the year. Minroco expects to maintain its dividend at 22 cents, but yielding under 3 per cent, the shares of this admittedly strongly financed company may appeal only to the most patient of long term investors.



value of the dollar, brought about by worries over banking problems in the U.S. and fears over inflation and a possible faltering in the economy there, has caused the dollar price of gold to rise, although the squeeze in the futures market has also played a major role.

You can see this change of course in the accompanying charts of gold prices in four currencies this year. The sterling price has eased in line with the recovery in the £—remember my advice last month for UK holders to sell gold at the high sterling prices and for U.S. citizens to buy at the low dollar prices?—but because of continued weakness in South African rand and Australian dollars the gold prices have kept up in those currencies.

What really matters in gold, or anything else come to that, is whether the price there are real terms. For gold there are really two markets: industrial usage, which though rising still does not mop up the full supply, and so-called investment demand, which dominates the price real terms.

The trigger for investment demand is probably as old as gold itself: it is a need to find a store of value and these days buyers turn to gold when un-

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Issued by the Department for National Savings on behalf of HM Treasury

YOUR SAVINGS AND INVESTMENTS

Margaret Hughes on building society rates

Best buys for wise depositors

THIS WEEK'S cut in bank base rates will make the increases in building society investment rates more attractive to depositors. Had the clearing banks not reduced their rates, the building society returns would still be trailing behind.

The interest rate paid by the major building societies on their 90 days notice accounts is now ahead of the high interest bank accounts. From Monday they will pay 10 per cent net which, because interest is paid half yearly, is worth 10.25 per cent on a compounded basis. These are the accounts which are the most competitive with the new high interest accounts which the banks have launched in preparation for April 6.

The Halifax's new Premium Extra account goes one better than the conventional 90 days' notice accounts combining it with a three-year income bond. This guarantees investors with £10,000 or more a return of two percentage points above the ordinary share rate for three years from the date of investment. At present, this rate would be 10.25 per cent net or 10.65 per cent on a compounded annual basis. (Interest will be paid quarterly.) Investors can withdraw funds provided they give 90 days notice or are prepared to forego 90 days interest. After their account has been opened for three years, it reverts to a 90 days notice account on which the Halifax pays the same rate as the other four major societies.

These returns compare with the 9.9 per cent net on Barclays Higher Rate Deposit Account on balances of £1,000 and over. This is equivalent to a compounded annual rate (CAR) allowing for quarterly interest

payments of 10.27 per cent annually. However, Barclays has yet to cut its base rate again. Similarly, National Westminster Bank's Special Reserve account now pays 9.825 per cent net on balances of over £2,000 (CAR 9.98 per cent). This account pays a higher rate of 9.75 per cent net (10.11 per cent CAR) on balances of over £10,000.

Midland Bank which has also not yet cut its base rate again pays on its Saver Plus account a net rate ranging from 8 per cent net (8.24 per cent CAR) to 9.5 per cent net (9.84 per cent CAR) depending on the balance held in the account. The lower rate is for balances of £100 and the highest for balances of over £10,000. At present only the Midland and NatWest pay these rates net of tax but all banks will have to do so from April 6.

You can get the higher return from building societies for smaller amounts—£500 in the case of the "Big Five." But this has to be weighed against the need to give 90 days notice of any withdrawals if investors are not to suffer a loss of interest. Investors with balances of more than £10,000, however, are allowed instant access without interest penalty.

As usual, investors can get better returns if they are prepared to invest in the smaller societies. Of those societies which have so far announced their new rates, the best buy for the smaller investor are Skipton Sovereign Shares. From Monday these shares which pay interest once a year will give a return of 10 per cent on balances of £500 and over.

Those with between £1,000 and £9,999 to invest will get a better return, also with instant access and no interest penalty from Cheltenham and Gloucester's Gold Account. The differential on this account above the ordinary share rate has increased to 2 per cent, giving a return of 10.25 per cent net with interest paid annually.

Those with £2,000 or more to invest will get a better return from Peckham Super Shares which will pay 10.91 per cent net CAR with instant access and no interest penalty.

These accounts offer better returns than the instant access accounts of the five major societies which also require a minimum investment of £500. The Halifax's new Instant Extra Account, Leeds Permanent's Liquid Gold and the Woolwich Prime Account will now both pay 9.75 per cent and pay interest annually.

You will also get the same annual return from Abbey National's seven-day account which pays interest half yearly so that its CAR matches the returns of the other two. The Abbey National also pays the same rate on balances of between £100 and £999 but then requires seven days' notice of withdrawal.

Of the better known societies the Anglia's Instant Gold, launched earlier this month, offers the same return with instant access but requires only a minimum investment of £250 to qualify.

This leaves only the Nationwide amongst the leading societies paying 9.5 per cent net giving a CAR of 9.73 per cent

only offering instant access on balances of £2,000 and over. Otherwise the Nationwide requires seven days' notice of withdrawals on their accounts on which it will pay the same return on minimum balances of £100.

Among the other new offers are longer term accounts from both the Anglia and Leeds and Holbeck on a minimum investment of £500. Anglia's High Interest Bond will pay a guaranteed two percentage points above the ordinary share rate for a full year from the date of the investment. At current rates that is 10.61 per cent net CAR. Leeds and Holbeck's Extra Special Bonus Shares will pay a guaranteed 2.25 per cent above the ordinary share rate over a three-year term giving a current rate of 10.73 per cent net CAR.

Over the next week or so there will undoubtedly be still better offers available, especially from the smaller societies although the cut in bank base rates may prove something of a restraint. Building Society Choice—which publishes a guide to building society investment and which in its issue next week will also cover the main clearing banks' investment accounts—expects to see 28 days' notice accounts providing a return of at least 10.9 per cent CAR and instant access or short notice accounts providing a return of 10.5 per cent net CAR on balances of less than £1,000 and a 10.8 per cent net CAR on balances of over £2,000. It is available on subscription from Research and Information, Riverside House, Rattlesden, Bury St Edmunds, Suffolk IP30 0SF £2.50 per copy

THE BEST BUILDING SOCIETY OFFERS

Society Account	Notice period	Minimum investment	Compounded annual rate of basic rate of tax %
Nationwide	7 days	£100	9.73
Anglia Instant Gold	nil	£250	9.75
Skipton Sovereign Shares	nil	£500	10.00
Abbey National, Halifax, Leeds Permanent, Woolwich	nil	£500	9.75
Peckham Bonus Shares	7 days	£500	10.14
Cheltenham & Gloucester Gold	nil	£1,000	10.25
Peckham Super Shares	nil	£2,000	10.91
Nationwide	nil	£2,000	9.73
Abbey National, Halifax, Leeds Permanent, Nationwide, Woolwich	nil	£500	10.56
Sussex High Interest	90 days	£500	10.65
Halifax Premium Extra	90 days	£10,000	10.65

Clive Wolman on unit trusts and their claims about returns

A problem of the changing pound

IT'S DIFFICULT enough at the best of times to decide which unit trust is likely to give you the highest returns by looking at advertisements and investment performance figures.

But when the pound has been fluctuating as wildly against foreign currencies as it has in the past three months, your difficulties are compounded. Windfall currency gains or losses can transform the investment performance of a unit trust investing overseas in a way that reflects no credit or discredit to the managers.

The dangers of relying on the investment performance claims made by unit trust managers was highlighted by an advertisement published earlier this month for the Schroder Japanese Smaller Companies Fund.

Schroder Financial Management, a subsidiary of the merchant bank, claimed that in the year after its launch in January 1984, the fund managers had beaten the average returns from the Japanese stock market. At the top of the advertisement, the following sentence appeared in bold letters: "In fact, the Tokyo Stock Exchange Index rose by 24.8 per cent and the Schroder Japanese Smaller Companies Fund by 30.7 per cent."

But the advertisement was not comparing like with like. If it

had, readers would have concluded that the fund managers had achieved returns much lower than the stock market average, by about 14 percentage points.

Schroder now admits that the claim, which was in breach of the code laid down by the Unit Trust Association, was made in error — and that the advertisement should first have been submitted for vetting to the fund's trustees at the Midland Bank.

The advertisement was misleading because it quoted without explanation the capital gain of the fund in sterling terms, but the rise in the stock market index in yen terms. Because of the fall of the pound against the yen, if the Tokyo stock market index had been quoted in sterling terms also, the rise would have been 44 instead of 24.8 per cent.

When the pound has been gaining against foreign currencies, it is to the advantage of unit trusts to be able to quote the foreign stock market indices against which their performance is judged in sterling terms. But which method of using these indices provides the more accurate benchmark against which you can judge a unit trust's performance?

The question is complicated by the willingness of most unit trust managers to hedge the foreign currency exposures of their funds (see accompanying article). If their policy was to take no view on currency fluctuations and leave the fund permanently unhedged, the foreign stock market index converted into sterling terms would be the most accurate benchmark.

Conversely, if the policy was to hedge 100 per cent of the foreign assets of the fund on

a permanent basis, then the local currency index, as quoted by Schroder, would be a better benchmark. (The Schroder fund does not have such a hedging policy.)

What is trickier is finding a benchmark for managers who say they will hedge and unhedge and continuously adjust their currency exposure as currency market conditions change. The most rigorous standard to apply to them would be to take whichever was the higher: the index in sterling terms or the index in local currency terms. On that basis, almost every unit trust manager would conclude that his currency management was a disaster.

A more satisfactory solution, perhaps, would be to require fund managers to publish the figures showing their foreign stock market performance in local currency terms, compared with the relevant index in local currency terms. Investors could then decide if the managers have shown any skills in picking individual stocks and industrial sectors in, say, the Japanese or U.S. market.

Alas, this, the returns of the fund and the index could also be published in sterling terms. A comparison of the two sets of figures would indicate the managers' skills in playing the currency market, if any.

Schroder Japanese Smaller Companies Fund

Long-term investors should note the fund's performance in the year after its launch in January 1984. In fact, the Tokyo Stock Exchange Index rose by 24.8 per cent and the Schroder Japanese Smaller Companies Fund by 30.7 per cent.

The fine art of hedging at the right time

LAST YEAR, investors in North America made nearly all their profits out of the rise in the dollar rather than from the stock market.

This year, it looks as though the position will be reversed. New York share prices have already steamed ahead, and the dollar has fallen off its perch. Investors in North American unit trusts could see their investment gains being wiped out if their fund's managers have not taken steps to hedge — to insure against the effects of a fall in the value of the dollar against the pound.

A fund manager can lend money in sterling and immediately borrow the same amount in dollars; this back-to-back loan has the effect of freezing the exchange rate, so that fall in the value of the dollar then falls against the pound.

Almost all of the larger unit trust managers are now using this device for at least some of their investments in the U.S.

The other side of the coin is that if the dollar then rises against the pound, you lose out on the gains you would otherwise be making. Several managers found the performance of their American funds last year was severely damaged because they hedged, but the dollar never fell.

Fund managers began to hedge at very different levels of exchange rate. Some, who thought 18 months ago that the dollar was bound to fall, requiring a further decline before their hedging pays off.

But M and G decided to hedge only two weeks ago when the exchange rate stood at \$1.065 to the pound. It is already reaping the benefits of the hedge.

M and G in general prefers to concentrate on selecting the right shares, not on currency management. "We don't really consider it part of our job," says investment director Peter Linaker. But the group felt that the dollar had risen to such

heights that they had to take some action, and they were fortunate to select exactly the right moment.

Spotting currency movements is a thankless task, and in many cases is little better than guesswork. Bill Samuel has, one of the most reasoned approaches, using a model of purchasing power to gauge the relative strengths of the currencies — but the result of all this was that it hedged at an average of \$1.45 to the pound, and has a long way to go before this pays off.

Only 35 per cent of M and G's investments in North America are hedged. Most other large unit trust groups have taken precautions for a larger proportion of their holdings, but Allied is unusual in hedging as much as 80 per cent of the money that is at risk from a further fall in the dollar (see table).

Target and Save & Prosper have also hedged against a fall

in the Hong Kong dollar, which is tied to the U.S. dollar. And Britannia is considering hedging its Japanese funds against a possible fall in the Yen against the pound.

TSB, however, thinks things have gone far enough already. It hedged 10 per cent of the value of its American fund at \$1.07, but closed the hedge again when the exchange rate reached \$1.33. It might go back in if the dollar rose again.

Group	Amount of portfolio hedged %	Exchange rate \$:£
Allied	80	1.19
Barclays	42	1.24-1.14
Unicredit	30-40	1.07 at best
Britannia	30	1.11 at worst
Mill Samuel	55	average 1.45
M and G	35	1.065
Save and Prosper	30-54	1.08
Schroder	25	1.40
Target	50	1.40 at worst

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	Rec date	Rec Price (p) ●	% gain as at 6.3.85		
MCD Group	5/83	42	+110	Rotork	11/83 68 +89
Micro Focus	5/83	195	+341	Laporte	11/83 205 1/4 + 92 1/2 (16)
Dee Corp	5/83	73 1/2	+159	Aero Needles	12/83 30 +183 1/2 (2)
Delta	5/83	54	+139	High Point	12/83 149 +132
Fisons	5/83	150	+97 1/2 (22)	Cope Allman	12/83 73 +140
Waterford	6/83	20	+150 1/2 (21)	Microgen	1/84 413 +147
Neil & Spencer	6/83	18 1/2	+138 1/2 (9)	VG Instruments	1/84 135 +91
Bridon	6/83	50	+152	Wight Collins	2/84 158 +101
Grattan	6/83	42	+248 1/2 (17)	Renishaw	2/84 207 +83
Tootal	6/83	35	+99	Bleasdale	3/84 25 +152
Vickers	7/83	104	+145	Steel Burrill	5/84 130 +78*
Low & Bonar	7/83	114	+93*	Steel Burrill	5/84 160 +188
Low & Bonar	7/83	114	+186	Brikat	5/84 20 +88
Reed	8/83	35	+274	Woods, Herbert	6/84 20 +75
Bathand Portland	8/83	116	+158	Jaguar	8/84 165 +114 1/2 (6)
Keywest Inv.	8/83	17 1/2	+33*	Blue Arrow	8/84 86 +90
Keywest Inv.	8/83	17 1/2	+297	Sangers	8/84 19 +89
Antofagasta	9/83	66	+226	Iceland Frozen Foods	8/84 210 +108
Argyll Group	9/83	120	+115	Falcon Res.	10/84 117 +250
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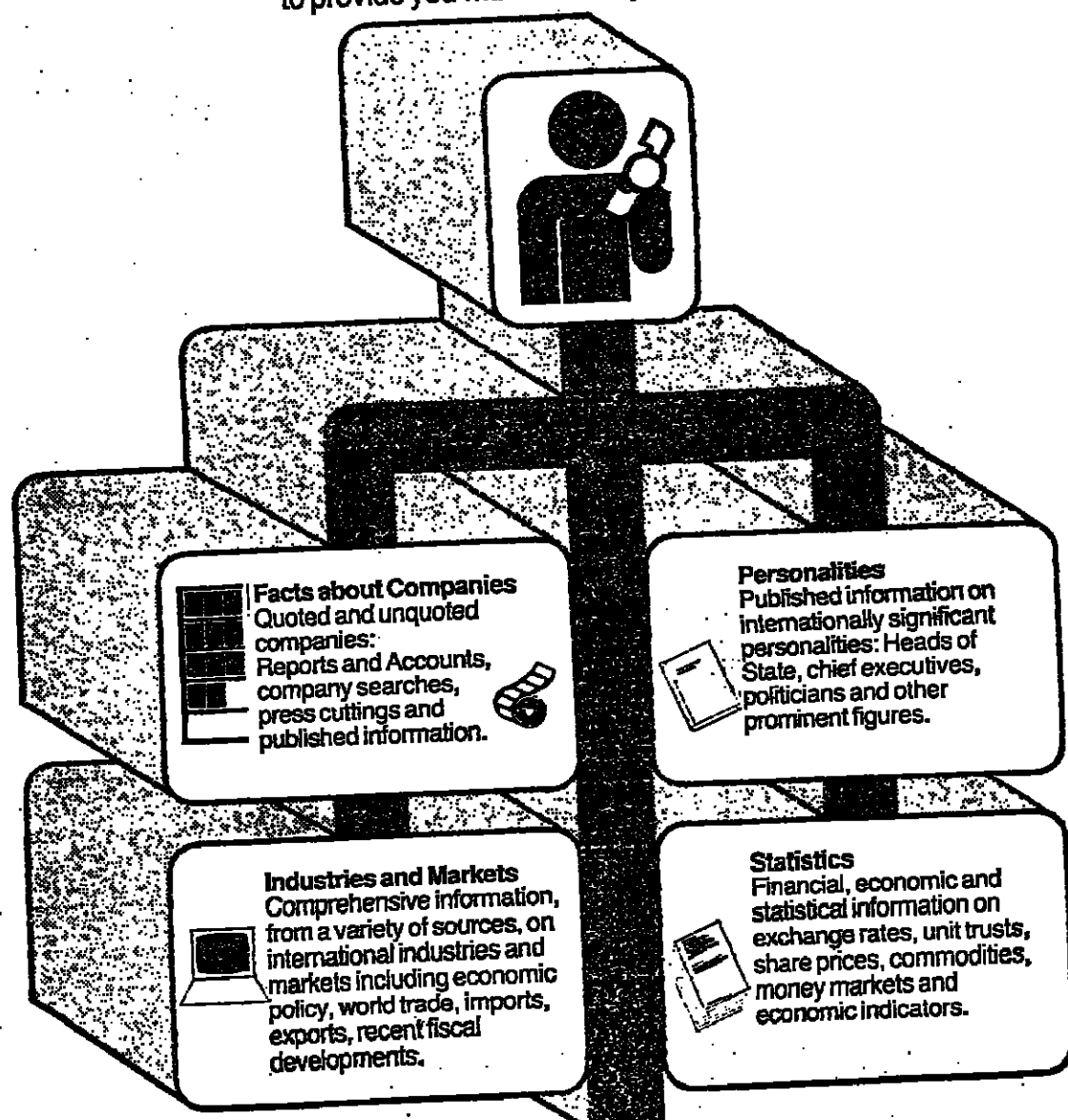
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YOUR SAVING AND INVESTMENTS

Double trouble with your second home

Dina Thomson explains how to sidestep Capital Gains Tax

YOU MAY double the joys of home ownership when you buy a second home but you double your financial burden as well. In fact, you can more than double it because the Capital Gains Tax (CGT) exemptions and other fiscal privileges granted to your first home will not normally be applied to your second.

However, the extension of the inflation adjustment provisions in last week's Budget increases your opportunities to cut any future CGT bill by careful planning.

If your home is regarded as your "principal private residence" by the Inland Revenue throughout your period of ownership, you will not have to pay CGT on any profit you make when you sell it. There is no limit to the amount you can receive free of CGT.

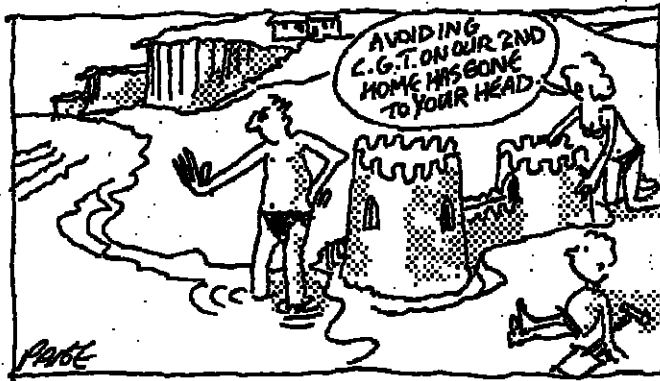
Once you own two homes—say a house in town and a cottage in the country—you have two years from the date you buy

the second one in which to decide which one you are going to call your main private residence. Your choice could determine how much money you save in CGT.

It is worth noting that your main residence does not have to be the one you spend most time in. To qualify as a "principal private residence" your home has to be one you occupy at least occasionally, contains personal belongings and is not let out. However, renting out your home will restrict, rather than remove, the CGT exemptions depending on how much of your home you let and for how long.

Your house and garden must not together occupy more than one acre of land to qualify. If they do, you will have to convince the Revenue that the land is necessary for the "reasonable enjoyment" of the house in order to be exempt from CGT on the sale of the land.

You can change your mind any time about which home you wish to regard as a main residence. Your notice must be in writing, and can be effective retrospectively two years before the date you write it.



For the purposes of CGT, the Inland Revenue is indifferent to whether you live in your home in the two years before you sell it. You must simply have deemed it as your main residence from the day you bought it until two years before you sell it.

The following example should clarify how you can use the CGT rules to your advantage if you have two homes. In April 1980 Annabel Wise bought a country cottage for £30,000. She decided to call her home in town, which she bought in 1970, her main residence.

When, on June 1 1984, she sold her main residence in town and bought another town house, she decided to switch her main residence election to her country cottage.

On June 1 1984, a few days after she had exchanged contracts on her new town house, she elected—in writing—that her country cottage was her main residence. Then—two years later—on May 30 1986 she opted to change her mind again, electing that from June 1 1984 her new town house was her main residence.

When Ms Wise sold her country cottage in April 1985, her two elections saved her £1,800 in tax. On May 30 1986, when she elected to change her main residence from her cottage to her new town house, retrospective from June 1 1984, she again took advantage of a combination of CGT exemptions.

She could have decided to further the main residence qualification of her cottage by another two years, particularly if she knew she would eventually sell it. But she elected to cover her town house with the exemption as she knew that selling her cottage two years later would in any case qualify it for CGT exemption as those two years would be the last two years of ownership.

Out of a period of ownership of eight years on her country cottage, Annabel Wise effectively conjured up four years of main residence qualification.

If, however, she had decided to retain her country cottage as her main residence for another two years beyond May 1986, she would have lost the CGT exemp-

tion on her town house. When she ultimately sold that home she would have been liable to CGT. As it is, a future sale of her town house remains unaffected by her CGT exemptions on her country cottage.

If you plan to do something similar, bear in mind that timing can be important, and you should consult both valuers and tax specialists before you make your decision.

Under the CGT changes in last week's Budget, the value of your property on March 31 1982 will be used as the basis for indexation and you should have considerable flexibility in setting the value of your house at that date for tax purposes. Another Budgetary concession is that you do not have to own your home for a minimum period of 12 months before it qualifies for the indexation allowance.

Christian Robinson of Robson Rhodes chartered accountants points out that you should call the property which is likely to appreciate faster your main residence. This is particularly true if your home is in an area where property values are rising faster than the norm. The new inflation adjustment provisions could now cover any future gain on the sale of a property whose price has risen in line with the norm.

The CGT chargeable gain on your home is calculated by subtracting the original cost of the property from the proceeds of your sale and then subtracting the indexation (inflation) relief. The remaining amount is subject to CGT at 30 per cent, but only after you have used up your annual CGT exemption.

You have a general capital gains exemption for the first £3,900 of gains made in the tax year 1985-86. A husband and wife together are allowed only a £3,900 exemption.

Couples who are not married are each entitled to £3,900 in relief if they have made no other capital gains in that fiscal year. They must own the property jointly. But for unmarried couples who buy two homes, it makes sense for each to claim one home as his or her "principal private residence," thus gaining maximum relief.

Clive Wolman on avoiding the Revenue

Budget creates new tax loopholes

IF YOU'RE sitting on large capital gains inherited from the 1970s and feeling disappointed that the Chancellor did so little in last week's Budget to reduce your likely tax bill when you sell out, don't despair.

The Chancellor may have cranked down on one form of tax avoidance in the market for Government gilt-edged securities when he announced a series of measures to stop bond-washing last month. But the Budget has opened up new possibilities for avoiding tax through the judicious buying and selling of gilts.

One beneficial effect you should notice without having to take any action is the receipt of higher returns when you cash in your with-profits or unit-linked life assurance policies.

There will be less need for the life company to deduct from your profits a charge to provide for future CGT liabilities, which typically amounts to between 10 and 15 per cent of the nominal gains, although a few charge up to 25 per cent. Now, the company should be able to cut their CGT charges substantially.

If your investment is in a unit-linked policy, the reduction in the CGT charge should be reflected in a higher exit and entry price for investors. So before investing or withdrawing your investment from a bond fund, it might be worth checking whether any adjust-

ment has yet been made. But most companies are expecting an increase of only 1-2 per cent.

As far as other investments are concerned—in shares, unit trusts, gilts, a second home and real estate, or more esoteric assets such as paintings—you will have to devote more time to making the best use of post-Budget rules.

You need consider action only if you have a potential CGT problem. This will arise if in the forthcoming tax year 1985-86 (or in a later tax year), you want to sell off assets which will realise capital gains (after inflation adjustment) well in excess of your £3,900 annual exemption from CGT.

The first piece of tax-planning advice is to reconsider where you are saving the money with which you wish to take no risks. You may have put it in a building society or high-interest bank account, National Savings certificates or gilts.

Between all these savings media, the new CGT regime gives a major boost to the attractions of gilts bearing high coupons, provided you sell them or have them redeemed after less than 12 months. This is because you can rarely expect to make even a nominal capital gain on high-coupon gilts unless there is a sharp fall in interest rates.

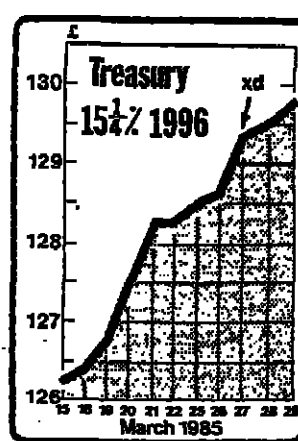
Thus, if you sell your gilts

for the same price as you paid for them, you will realise a real capital loss, after adjustment has been made for inflation. This loss can be used to offset other real capital gains.

The graph shows how a high-coupon stock has gained in price and popularity since the Budget, as a result of this change.

The only drawback is that you have to pay income tax on the high dividends you receive—and also, when the bond-washing provisions take full effect next February, on your accrued interest (unless the nominal value of your holdings is less than £5,000). But if your income tax rate is the same as the CGT rate of 30 per cent, then part of your income tax bill is offset by your CGT liability through generating capital losses. In effect, you are avoiding a tax liability on that part of your interest which merely compensates for inflation.

If, however, your tax rate is 40 per cent or above, and certainly if it is above 50 per cent, what you gain with your new-found capital losses will be too small to compensate for the extra income you have to pay on the interest. You should stick to National Savings certificates or low-coupon gilts on which most of your returns will come in the form of capital gains.



But if you decide to make use of high coupon gilts, make sure you sell them within a year. Thereafter neither the gains nor the losses on gilt holdings are subject to CGT.

The other tactic, suitable only for investors with large portfolios, is to exploit the concession that grants you a full month's indexation allowance for CGT even if you have held the asset for just a few hours over one night, provided that night comes at the end of the month. The manoeuvre is worth pursuing only at the end of a month in which you have seen prices marked up sharply.

For example, suppose that next month, due to the rise in mortgage rates, the Retail Price Index goes up by 1.5 per cent. On the afternoon of April 30 you buy £30,000 of gilts and sell them back the next morning, May 1. You will then be granted an indexation allowance of 1.5 per cent on your holdings, thus creating a real capital loss for CGT purposes of £450.

Stamp duties join the twentieth century

George Graham explains the Chancellor's simplified procedures

MANY of the stamp duties abolished in last week's Budget will scarcely be missed—50p here and 25p there, more of a nuisance than a tax burden.

The stamp duty on gifts was charged not as a fixed fee but at a rate of 1 per cent of the value of whatever was given. So the tax saving from the abolition of the duty will be noticeable on large gifts.

Some forms of stamp duty date back to 1694 and they have been showing their age. Technically they are charged on documents, not on the transaction itself, so an oral contract was never liable to stamp duty. In practice, you might have had to pay the duty if you gave away property where your right of ownership was proved by a document—a house or shares,



for instance, but not cash or a painting.

One of the most frequent occasions for stamp duty to arise was on transfers of property between husband and wife. These transfers are frequently made for the purpose of avoiding Capital Transfer Tax.

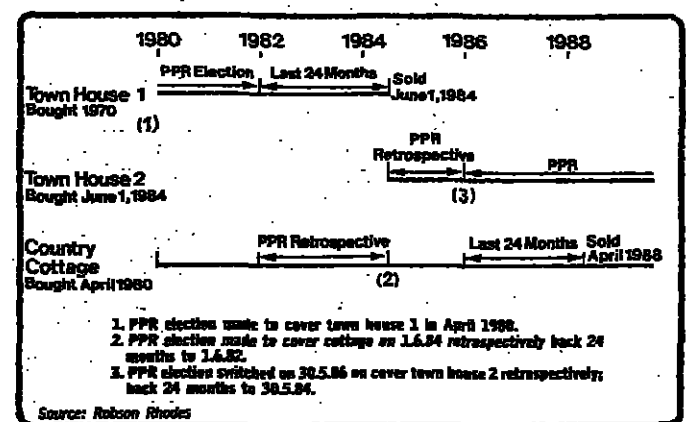
But if a husband passed £100,000 worth of shares to his wife, or vice versa, stamp duty of £1,000 would have had to be paid. A small cost in compari-

son to the potential CTT savings but one that no longer has to be met thanks to the Chancellor's decision to eliminate many stamp duties.

Similar savings will be made on deeds of family arrangement, which were the provisions of a will by redistributing the property among its beneficiaries. These deeds were generally liable to 1 per cent stamp duty, either as gifts or as sales. They will now need only a 50p stamp.

If you are buying a house for under £30,000 (so no stamp duty is payable), conveyancing documents will no longer have to pass through the Stamp Office. Instead, they can go straight to the Land Registry.

This change, likely to be put into effect next January, will bring England and Wales into line with Scotland, which already has this simplified procedure. But the Northern Ireland procedures will not change.



HOW YOU CAN SAVE ON CGT WITH TWO HOMES

THE CASE OF ANNABEL WISE
Annabel Wise has already used up her annual CGT exemption

April 1988:	
Sale proceeds from country cottage	£35,000
Original cost	£30,000
Indexation relief (guess)	£3,000
Gain chargeable to CGT	£2,000

After her elections chargeable gains reduced as follows:
period not occupied as principal private residence (four years)

total ownership period (eight years)	x £12,000
Chargeable to CGT	£6,000
Saving (£12,000 - £6,000) x 30 per cent	£1,800

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BOOKS

American laureate

BY GEOFFREY MOORE

Frost: A Literary Life Reconsidered
by William H. Pritchard. Oxford, £14.95, 286 pages

Who is Robert, what was he, that all his biographers condemn him? Even his Boswell, Lawrence Thompson, was forced to admit Frost's cantankerousness, his selfish egotism, his unscrupulous manipulation. The merit of William H. Pritchard's book is that he sees all this and lets it make not the slightest difference. He does not try to excuse the inexcusable with mumbled about the traumatic effect of having a dissipated father and a religious mother, but presents the life and the art as a package.

Excuses aside, however, one probably does not have to look far to see where Frost got his rather creepy combination of social drive and prudish sentiment from. The father, William K. Frost, was the womanising, hard-drinking city editor of the San Francisco Post, who died when Robert was 11. Upright Isabelle Moodie Frost, of Scottish Presbyterian stock, took

the family back to Lawrence, Massachusetts. The brightest boy at High School, "Rob" pursued the brightest girl, Elmer White. After a hitch "caused by Rob's importunate love-making" (see "The Subverted Flower," which describes the incident) Frost netted his butterfly and, so far as is known, remained faithful until her death. The price of this, however, was child after child, some of whom died at birth and some of whom died of disease. The survivors did not lead very happy lives; one, at least, committed suicide.

The early years of the century were ones of struggle and poverty for the Frost family. Robert's jobs did not prosper and his poems did not sell. After 12 years of this, having come into an annuity, he made a sudden decision to go to England. He could not have chosen a better moment. Ezra was already there, and Tom, London was ripe for colourful refugees from what Pound in *Mauberley* was later to call that "half savage" country. When he sailed back to America in 1915, at the age of 41, Frost's reputation was made. He was

the famous author of "Birches," "Mending Wall," "Home Burial" and "The Death of the Hired Man" — poems his audiences would ask him to read over and over again in the next 40 years. He hated this, and would try to foist on them his latest efforts which, as his most sympathetic critic, Randall Jarrell, reluctantly admitted "remind you, by their persistence in the mannerisms of what was genius, that they are the productions of someone who once, and somewhere else, was a great poet."

When, after more than 40 years' absence, he returned to England in 1957, both Oxford and Cambridge awarded him honorary degrees. Frost had made quite sure of that. He had got his old friend Sherman Adams, Dwight D. Eisenhower's assistant, to ask Secretary of State Dulles to write to Harold Macmillan putting his name forward as "a distinguished representative of the American cultural scene." Which indeed he was; no problem. The Kennedy years followed and, with them, the invitation to participate in the

inaugural ceremony—a reward for Frost's much-publicised prediction that the young Senator from Boston would be the next President of the United States.

Frost was a cunning old fox, but he was also a very good poet—qualities which are by no means mutually exclusive.

In the *Oxford Book of American Verse*, F. O. Matthiessen said that when the history of American poetry in our time came to be written "its central figures would probably be Eliot and Frost." Not Eliot and Pound, not Eliot and Stevens. Frost's seemingly simple, laconic persona con-

ceals, as Lionel Trilling announced at a famous banquet, "a terrifying vision of life." Indeed, as D. H. Lawrence said of the "classic" American writers, Frost is one of the new breed who have "bloughed off the old European consciousness" to represent "the terrible actualities of life."

How the war seemed

BY JOHN GRAHAM

"The Good War"
by Studs Terkel. Hamish Hamilton £12.95, 589 pages

Studs Terkel is an American phenomenon, well-known in his own country, less well-known here. He is in his early seventies and has been many things in his time: radio soap opera actor, disc jockey, TV master of ceremonies. But what he is best at, unexcelled on either side of the Atlantic, is being an old-fashioned reporter. He specialises in oral history, and has already written superb accounts of the Great Depression, the history of jazz, and modern American attitudes to work. What he does is so simple anyone could do it. You just pack your notebook and your tape recorder, and the people who were there when something happened, get them to talk about it, and write it down.

The advantage of this method is that the pages are completely free of sociological claptrap, armchair revisionism and academic moralising. They ring instead with the 24-carat authenticity of ordinary human beings, a far cry from the "grand design" school of history where human destiny is decided in the chancelleries of Europe, or wherever. Human destiny is more often decided by millions of people acting in gigantic confusion, and Terkel lets them tell it in their own words. Long before the hippie sloganeering of the 1960s Terkel had decided to tell it like it was. His latest book is an oral history of World War II, as experienced by Americans both at home and in the various war theatres. Some of them are famous names, like John Kennedy, Galbraith and Averell Harriman, and there are also interviews with Germans, Russians and Japanese, but mostly they are ordinary people like Bill

Barney, a crew member on the plane that dropped the bomb on Nagasaki.

"If there'd been a third one dropped, we woulda dropped it, our crew. To my knowledge, only four bombs were completed. One was in the United States. The third was loaded in our ship the day the war was over. . . . If that was would have lasted, it would have been used in Europe. I know. We had a simulated flight, trainer things. You flew two, three thousand miles. Bombardier, myself, navigator. You flew these missions, and they was all in Germany. Japan was just timing." Poor Nagasaki! It was only Bill Barney's tertiary target, but the first two cities were protected by cloud cover.

Philip Morrison dealt with the bomb from the other end, as a nuclear physicist working on the Manhattan Project from the beginning. Most of the physicists were extremely hawkish. Morrison was more ambivalent. He agreed with James Franck (whose report was ignored by the White House) that the bomb should not be dropped on a city. It should be dropped as a demonstration, a warning. "I was of the opinion that a warning speak so vividly, courtesy of Studs Terkel. Their cries of pure reason cannot be heard by political leaders who have not changed their way of thinking."

The *Good War* is both the best history of World War II I have read, and the best anti-war book. What Goya did with colour, Terkel does with other people's words. I lent it to a student who read it and said: "Since 90 per cent of the world's population do not live in Russia or America, why don't the so-called superpowers just shoot it out over the North Pole and leave the rest of us to get on with our lives?" It was a difficult question to answer.

Those thinking machines

BY DAVID FISHLOCK

Into the Heart of the Mind
by Frank Rose. Century £10.95, 207 pages

So freely is the term "artificial intelligence" bandied nowadays that it is hard to adjust to the idea that it is only 30 years old, coined by a Californian professor called John McCarthy of disconcertingly hippy appearance in 1956, before even the first silicon chip was invented.

Then it was dimly perceived as a supreme intellectual challenge; the computer that might mimic the human mind, not as a number-cruncher but in its ability to reason, to think for itself. The academic world was deeply sceptical. It was inclined to reject all computer science as engineering — problem-solving — rather than science, the quest for new knowledge.

Shaping this intellectual challenge into a sub-species of science acceptable to the established disciplines, including philosophy, mathematics and neuroscience, was — still is — a formidable problem. Meanwhile, in order to make any progress the pioneers needed the most powerful and versatile computers available, a costly business. Unlike the high-energy physicists, who also needed extremely expensive tools called atom-smashers as well as computers to pursue their ideas, the pioneers of artificial intelligence did not have the aid of the big patrons of science. Some oversold their ideas and claims in their efforts to get more powerful machines, and thus gave more ammunition to their critics.

All this seems a far cry from the support artificial intelligence is attracting today, in the

form of national programmes pursuing the supercomputer or thinking machine. These began with the Japanese Government's ten-year \$500m quest for the fifth-generation computer. It inspired similar programmes in the U.S. and in Britain, where Alvey, who recommended a similar programme, has given his name to another \$500m quest for artificial intelligence.

But such quests as Alvey's which aims to build four demonstration machines that can think — each about a particular problem — will rely heavily upon a handful of folk right at the frontiers of the discipline they invented in the 1950s. They include McCarthy and Marvin Minsky, one of the most memorable scientists I have ever met, who once continued an impassioned discourse on computer learning while pacing round and round me in a tight circle as we awaited a lift on our way to lunch.

Frank Rose knows the importance of these gurus to the story he tells of the search for a machine that can reason. But he chooses cleverly to weave their contributions into the story of one upstart school of academic study (which did not exist until

1978) at Berkeley, California.

Rose finds Berkeley's reluctance to accept artificial intelligence, despite the fact that California had the greatest concentration of academic and industrial interest in the subject anywhere in the world, "curiously human. For years, computer science at Berkeley had been dominated by theorists, brilliant individuals who made names for themselves in pursuit of the fundamental limits of computation."

For these academics, embroiled in the deep philosophical questions of mathematics, the computer was merely a tool. "They tend not to care about such frivolous concerns as whether it can think." His story is of a brilliant young man called Robert Wilensky, born in the Bronx, adopted at raising money, and his efforts to teach a computer called Kim to think for herself. Rose brings the technology to life through the humour, the pettiness, the frustrations and ferocity of academic life, in a tale which has parallels with Shaw's *Pygmalion* in how much yet ironically how little the great intellectual adventure really achieved.

Crime

BY WILLIAM WEAVER

Sion Crossing by Anthony Price. Gollancz, £8.95, 271 pages

Anthony Price's stories have become so labyrinthine and his dialogue has become so elliptical and allusive (people hardly even finish a sentence) that his novels are extremely difficult to follow; and there are times when even a loyal reader begins to wonder if it's all worth it. In

this latest, an elaborate revenge against David Audley — Price's hero, who is growing more and more like Peter Wimsey — involves a colleague of Audley in a mysterious, bloody adventure in the Deep South (of the U.S.). One begins to have doubts about the author's fau-

loured scholarship when he says "more than once" that Ashley (Wilkes lived) in a house called Fair Oaks, indeed, all 22 of them! Lawry!

After Franco

BY ROBERT GRAHAM

The Transformation of Spain from Franco to the constitutional monarchy
by David Gilmour. Quartet, £12.95, 320 pages

A Spanish gossip magazine recently ran a series of photographs of Franco on his deathbed as part of a readership battle with a rival publication. Rather than increase circulation, the sight of this pathetic figure on the edge of death provoked protests. Yet those who objected to the photographs did so less because they felt Franco had been slighted and more out of a sense that the man should be left to rest in peace. Spain has moved beyond Franco.

This year will be the tenth anniversary of Franco's death and the accession of King Juan Carlos. It is a measure of the remarkable changes in Spain during this decade that the late dictator should seem so distant a memory and that the King should appear such a permanent fixture.

The timescale and the psychological distance now make it much easier to evaluate the Franco era, its legacy and the transition to democracy. In Spain itself there is an ever increasing number of books covering these three themes but nearly all on a partial or selective basis. For instance no "official" biography of Franco has been produced; ministers have written a number of books for self-education a number of the period; local journalists have produced a mixture of instant history, one sided investigation and comment; while academics have been handicapped either by the reluctance of the main participants to talk or by the difficulties of access to military archives. The present Socialist Government of Felipe Gonzalez has done much to encourage a better historiographical approach to the recent past; but the fruits of this will take time to be felt.

Meanwhile it is often left to outsiders to attempt the broad brush or detailed analysis. David Gilmour, who has written previously two books on the Middle East, has provided a workmanlike account of the path towards democracy and its rapid consolidation. Almost half the book is taken up with the 40 years of Franco's rule and the gradual economic, social and political liberalisation of the regime. Undoubtedly there is an enormous amount of background to explain, but Gilmour certainly overloads the Franco era if his main object is to highlight not just the meta-

morphosis from dictatorship to democracy, but the early years of the latter up to 1982.

Gilmour makes a point of stressing Franco's lack of ideology and his essential pragmatism. From the mid-50s Franco was not the Fascist monster the Republicans and their international friends on the Left preferred to see. This more tolerant (dare one say sympathetic) view of Franco is gaining ground, partly because the transition process has gone so unbelievably well. But also it helps explain how Spain managed to evolve despite the appearances of authoritarian rule — evolve to the extent that public opinion in 1975 clearly favoured "apertura" (a political opening up) to "ruptura" (a clean break with the past). The Francoist system was gradually dismantled and allowed to wither away; and the key figure in this process was Adolfo Suarez, who came from the very heart of the former system. The success of the Spanish transition lay in the spirit of compromise, and the moderating force of the restored monarchy. Conversely, the process has been threatened only when certain groups have refused to compromise the military and the militant Basque separatists, ETA.

Gilmour has a deceptive air of thoroughness which conceals important omissions. There is surprisingly little to explain why the Socialist Party could and did come to power. Felipe Gonzalez scarcely gets a mention yet he too was a key figure in the early years of transition. The role of the trades unions is skimmed over, while the economic backdrop after Franco's death (oil crisis, recession, liberalisation and the prospect of EEC entry) is virtually ignored.

It also makes a number of dubious sweeping assertions. As a sample, he says Manuel Fraga, the former Franco Information Minister, made a mistake — forming Alianza Popular to fight the 1977 elections — he had no option as no party could tolerate his abrasive character and his curriculum was a liability; he claims Suarez should have informed the armed forces in advance about the legislation of the Communist Party in 1977 — the military were not upset — he was not, he was told, but he was furious; the "Reds" had been legitimised; nothing would have assuaged them; he says the "democratic" system virtually ceased to function in the aftermath of the abortive coup of February 1981 — well it is working again now and Gilmour himself discounts the military threat.

Radical lady

BY BEN PINLIS

Emma Goldman: An Intimate Life
by Alice Wexler. Virago £12.95 (5.95 paperback), 388 pages

Are the roots of terrorism to be found in psycho-pathology, or in political theory? In this compelling biography of America's most notorious anarchist (an advocate, if never an actual practitioner, of the violent attempt), Alice Wexler shows how the two types of causation may be inextricably linked. At the same time, the author reveals a strange, funny, world of changing politics in turn-of-the-century Chicago and New York that bears a startling resemblance to the Russian equivalent.

The similarity is not accidental: Emma Goldman was a citizen of Russia and Yiddish immigrant America. A refugee from a disturbed childhood in Petersburg and Königsberg, New York in 1896 at the age of 18. Her story is quickly married another Russian, divorced him, re-married and left him again, before her twenty-first birthday. When marital life finally ended, she fled to Manhattan, putting Jewish bourgeois convention behind her.

"All a Jewish daughter needs to know," she complained, "is how to prepare perfidious fish, to model fine, and give the main plenty of children." In her early teens, she had been mockingly obsessed by the Whittier assassination of Oscar Alexander II. Now this interest returned, and she found fertile soil for her ideas in the bohemian immigrant society of the Lower East Side.

Why did she become a revolutionary? By her own claim, she was an anarchist of the "New variety." "I was just born so," Wexler points, instead to early environment; anti-semitic pogroms in Russia, and a masochistic relationship with an aggressive, authoritarian father who stood in Emma's mind for the power of the state. Certainly her own adult relationships seemed, in their combination of anger and martyrdom, to mirror her politics.

In New York, she started an affair with another Jewish, father-hating anarchist, Alexander Berkman, who shortly after their meeting received a long prison sentence for a bungled attempt at political assassination. Goldman later claimed to have been an accomplice. At the

time, she escaped indictment. Whatever the truth, Berkman's conviction became the nidus of her life, and she remained faithful in prison (though not in body to Berkman, and his philosophy throughout his 14 year imprisonment). "Increasingly she would celebrate the lonely romantic rebel," writes her biographer, "while viewing with dimmed enthusiasm the masses who failed to appreciate him." Hers became the life of the professional agitator: odd jobs as ice-cream parlour maid, caretaker, private nurse sustaining a relentless round of lecture halls, hotel rooms, strikes, mobs, arrests, trials and detentions.

Travelling abroad, she listened to Freud in Vienna, and picked up the ideas of the sexual revolutionary, Edward Carpenter, in England. She read widely, but it was emotion not intellect that fired her speeches. "Every fibre of her being is electrified by the spirit," wrote an admirer, "to which her lips give utterance." When another admirer, well-known murderer, advised her to marry, she replied: "I am married to my cause." According to Wexler, "The public perception of her as a defender of terrorism was not entirely without foundation."

The violence, however, was not all on one side. One of the interests of this book is the account it gives of American labour movement politics in its bitter phase, made worse by police corruption and union lawlessness that has no British parallel. There were many physical attacks and beatings. On one occasion, vigilantes stripped her, her lover, manager naked and branded the initials I.W.W. (International Workers of the World) on his buttocks.

What did she achieve? According to Wexler, she brought anarchism out of a foreign-language immigrant enclave into the English-speaking American mainstream. But she never liked or understood trade unions, and tended to equate the roar of the crowd with political success. In reality, for all her cultivated infamy, she was almost without influence, even as a part of Bonnie and Clyde folk-lore, and as a restrained heroine of feminism.

It is the work of a careful scholar, a biography? The answer is emphatically yes. This excellent book provides a fascinating insight into the psychology and paranoia of American politics, with resonances that remain terrifyingly apparent to this day.

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Man's striped cashmere cardigan and V-necked sweater (£225 and £230) are by Pringle of Scotland



Red and black bows on a white short-sleeved sweater by Alison Taylor. £80 from S. Fisher

TRUE BRIT

FOR YEARS tourists have been snapping up our knits, going home with trunksful of cashmere and fleeces to see them through their own hard winters. What they came for, of course, was quality, reliable classics made to certain standards, that all the world could recognise.

The temptation for those in the business of manufacturing the knitwear was to think that business could go on exactly as it always had done and that nothing much needed to change. The wiser heads in the industry saw the danger signs looming—Italian and French knits were beginning to have a cachet of their own, and those in search of a newer, fresher look had little choice but to look abroad.

Just when it seemed that British knitwear was polarised forever into a choice between (a) high-quality but strictly traditional shapes or (b) trendy styles of doubtful quality, along came a growing band of creative, innovative hand-knitters. Lead by the inimitable Patricia Roberts and quickly followed by a whole group of young designers, each one different, each one offering a style and flair of their own, they brought a breath of fresh air into the rather staid and dull world of yarn.

At first sight it wasn't so obvious that they were good news—their prices were out of reach of most of the population so that their amazing designs were chiefly of academic interest. However, they turned out to be just the kind of shot-in-the-arm the industry needed, and the creative energy that was once the preserve of the hand-knitters filtered through to the commercial knitters. Today most of us can find stunning knitwear at prices ranging from £11.99 for Marks & Spencer's latest star offer (a plain, natural linen mix sweater) to the £229 which a cashmere kimono-style jacket from Jean Muir will cost you today.

In between, of course, there is a whole mass of middle-of-the-road prices.

A few weeks ago I wrote about the changes that were



Chunky white machine-knitted cotton shirt, by Molto £74 from Dickens & Jones, Joseph and Nidas

being wrought in some of the cashmere lines being sold by The Scotch House. Today I bring you a selection of just some of the range of knitwear that can be bought in shops up and down the country.

The photographs are taken from the Design Council's magazine, Design Selection,

and are witness not just to the success of our knitwear industry but to innovation at the Design Council itself. Once upon a time the only clothing that entered its portals or survived its scrutiny were the serviceable garments that deep-sea fishermen or oilrig personnel were required to wear—in-

day, the knitwear industry itself is clamouring to be included in the Design Council's Funded Consultancy scheme and eager for the kind of exposure that Design Selection can offer.

Anybody interested in a quick tour of the best of British knitwear (it seems to have been drum-beating time in the fashion industry and the mood is catching) can either take in a visit to the Design Centre itself at 25 Haymarket, London SW1, where some 50 garments are on show, or buy the full-colour magazine, Design Selection, which features a good cross-section.

Jean Muir headed the selection committee which alone is indicative of a precise and meticulous commitment to standards.

There are chunky sweaters that look just right with today's slinky skirts; there are intricately patterned hand-knitted waistcoats by Molto. There are Jean Muir's own refined and precisely-worked cashmere jackets and sweaters. There is Kay Cosserat's rose jacquard cardigan. Patricia Roberts's ravishingly pretty (and less prettily priced) cotton sweaters and Alison Taylor's witty short-sleeved sweater decked with red and black bowties (see the photograph top right). For those who are interested in what is happening down at the end of the market where most people buy—there are plain cotton sweaters from Marks and Spencer at £13.99 each and a nice cotton and linen mix sweater by Christopher Fischer for £50.

If you buy the magazine Design Selection (it is 75p from most newsagents) you will find it lists all the manufacturers and gives a good selection of the shops that stock the knitwear as well. All in all it is a lively and imaginative collection, giving ample evidence of why our knitwear last year accounted for well over £3bn worth of sales and why foreign buyers at last week's British fashion shows bought as if they might never get another chance.

POSTSCRIPT

IT SEEMS that coffee drinkers the length and breadth of the country have been a worried lot—they have been unable to solve the problem of how to keep their coffee hot. This deep need Thermos has decided to meet. Coffee made at 11 will, it seems, still be hot at three if they do but turn to the Coffee Butler, Thermos's latest line in

vacuum insulated products. Most of the best-looking vacuum flasks around at the moment have a rather stream-

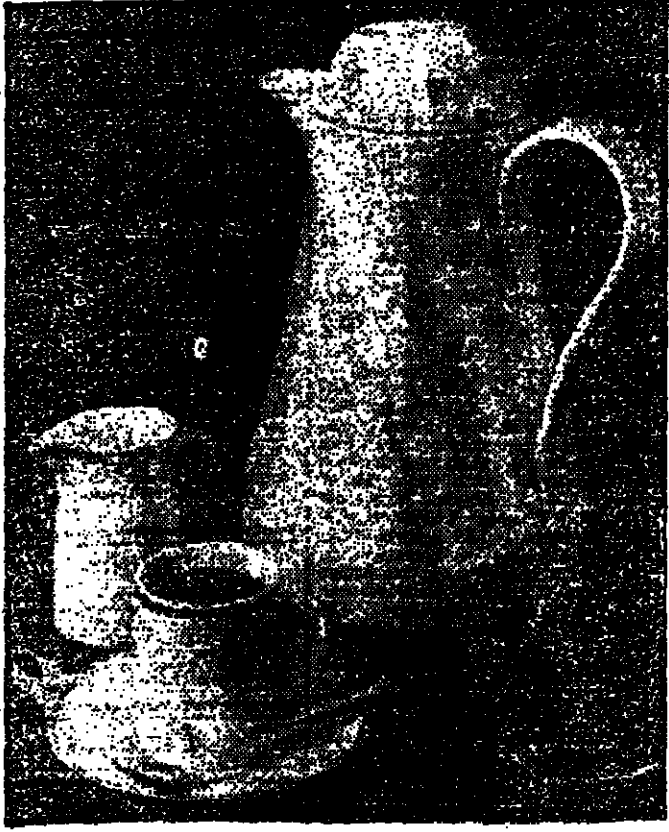
lined, hi-tech air about them and if you prefer something rather more "crucious" then this could be the Thermos for

you. It certainly has an old-fashioned look to it, rather like a gentle ceramic coffee-pot—it would look quite at home at Glyndebourne.

The model photographed here is just one of six new designs, all called the Coffee Butler and all with a certain air of gentility about them. Three of them are white, one is white with maroon and a fine gold trim, another white with dark green and fine gold trim. The sixth model is white trimmed with two fine green stripes and a dark top.

Three are priced at £12.95 and the other three at £13.95. All are to be found at John Lewis, Boots, Texaco and other department and hardware stores.

TWO weeks ago I wrote about the artificial flowers and flower arrangements made by Countess Hoehberg of 21 Clonmel Road, London SW5. It perhaps wasn't made clear in the article that that address is her workshop and that though she is happy for readers to visit her there, to see her selection of plants and arrangements, she would prefer if they made an appointment by telephone first. Ring her on 01-736 7851.



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INDIA, more than any other country that I have yet visited, is worth planning for. Unless you have endless supplies of that greatest modern luxury, time, and can afford to wander and make mistakes, you should do plenty of homework first. High tourist season for most of that huge continent is October to February so now is the time to settle down with books and maps and start to dream.

I can hardly think of a better first step than LOUISE NICHOLSON'S splendid new guide, *India in Luxury* (published by Century at £10.95). Don't let the title put you off—firstly, luxury in India is cheaper than you think, and secondly, her book is full of the kind of practical down-to-earth details that every tourist needs to know. She gives one the feeling she has explored almost every inch herself and here, to give you something of the flavour of the book, are some extracts taken from this page—in other words, a small sample of *How To Spend It in India*.

GENERAL SHOPPING HINTS

Indian craftsmanship in all fields this can be of very high quality. The craftsmen serve an Indian public who still keep their money in gold, gems and silk. It is worth buying the best and avoiding the junk produced for tourists and sold from stalls beside monuments.

Whatever skill you want, it is available. Tailors will run up a dress, shirt or suit almost overnight and can copy any design expertly. Dhurries (flat-weave rugs) cost little and can be made to specific designs, colours and sizes, then shipped home (and they do arrive). Furnishing and dress fabrics of the highest quality cotton and silk are cheap, come in an endless variety and can also be woven to order. If you buy curtain fabric, the curtains can be made up and sent on by ship. Craftsmen will make up the fine pearls and Indian gems into any design in a week, or less. You can even have your favourite shoes copied.

Government emporia. Every state has its own chain of shops, called emporia. They are stocked with a good variety of crafts produced in that state, the quality depending upon the ability of the buyers. For instance, the Gurjar emporia of Gujarat are superb. The buyers do the hard slog, going around the villages to get supplies and commissioning craftsmen to make pieces. The expanding chain of the Central Cottage Industries Emporia at Delhi, Bombay, Calcutta, Jaipur (and soon Bangalore) stocks pieces from all over India.

If you prefer to shop in the bazaars, a quick reconnaissance in the emporia gives an idea of a price to aim for when bargaining. By doing this research you can sometimes strike a better deal



India in Luxury

in a bazaar than in an emporium where prices are supposedly fixed—but you need to inspect goods carefully for quality.

Hotel shops. Unlike their counterparts in the West, they are often of high quality and yet reasonable prices. Significantly they are heavily patronised by locals. Their clothes, leather and jewellery shops stock copies of the latest European designs. And there are quality Indian crafts. Clothes shops have tailors on call who can whip up garments overnight.

growing) and fruit trees. After a period of decline, the emperors revived the art and stocked their wardrobes with shawls, since when they have remained expensive and much sought after. Shahtus shawls were the finest of all, and today's lower-grade version is still pricey. They are woven from poshmina (known in the West as cashmere, from the country of its origin), the inner, soft fleece grown by mountain goats in the winter and shed in the spring. An even finer wool from the throats of the ibex was used to make the legendary shawls that can be passed through a ring, very rare today.

Antiques. Not always as old as they look. Ageing help is sometimes given to newly made objects sold in shops and bazaars, so beware. A reputable antique shop will give a guarantee in the big cities, this opinion can be endorsed by officials.

On the whole, antiques are very expensive, and nice things are hard to find. There is a larger range of quality old paintings, bronzes, textiles and sculptures to be found at the dealers and auction houses of London, New York and Paris. Run-of-the-mill art has a high premium within India and is expensive. If in doubt, stick to buying new crafts.



KASHMIR

Fur. Fur coats are comparatively cheap. There is a limited government control on jackal, jungle cat, fox (common, hill and red) and today cat but no control on sheepskin. Coats are put in the shops unfinished, to be altered, lined and tidied up as the buyer wishes. Prices are according to the fur and the size of pieces but roughly Rs2,000-12,000 full length; Rs900-5,000 half length, plus Rs300 for lining, and a small UK import tax (it must be declared). There is also good silver and gem-studded jewellery. (There are approximately 15 rupees to the pound.) Shawls. Then there are the Kashmir shawls. The craft was possibly introduced to Kashmir from Persia (shawl is Persian for woven fabric) by Sultan Sain-ul-Abidin (1423-74), together with paper-making, sericulture (silk

HYDERABAD

Pearls. Adored by the Nizams, who ate them powdered, rubbed over their bodies for good health and draped great chains of them around their necks. Hyderabad is still the pearl market of India, concentrated in a row of shops on Perterghatty Road near the Charminar. Here thousands of pearls arrive from Japan between December and March (the Gulf supplies have dried up).

The sorting and grading is done in the shops, where women from all over India come to buy this year's pearls. Prices are a fifth of British prices, a two-string classic necklace is around Rs 1,200-1,400, four strings of tiny pearls are Rs 700-800, cluster earrings Rs 100-200. Pearls can be bought by weight (enough for strings and matching earrings, bracelets and rings) as the best stringing and clasps are found in Bombay. Natural pearls are a better buy than cultured as they do not taint. Old pearls can be traded for new.



BRIDGE

E P C COTTER

TWO GOOD players were at the helm in both today's example hands, but neither managed to land the contract. We start with a no trump game:

N
♠ J 6 3
♥ Q 10 9 5
♦ A 2
♣ K 5 4
W
♠ K 10 4
♥ 7 6 4 2
♦ K J 8 7 6
♣ 4 7
S
♠ A Q 8
♥ K J
♦ 10 9 4 3
♣ A 8 3 2

South dealt at a love score, and opened the bidding with one club. North replied with one heart, and raised the opener's rebid of one no trump to three.

West led the seven of diamonds, and the declarer showed excellent technique in winning with dummy's Ace. West cannot have led from a suit containing three honours—otherwise, he would have started with the King—and if he has led from a five-card suit, East with K x, Q x or J x must block the suit.

Then, strange to say, declarer went wrong at trick two by making a play which is almost automatic. He attempted to dislodge the inescapable loser—in this case the Ace of hearts—by leading the heart five from the table.

East rose at once with his Ace, cashed his diamond Queen, and led a spade. South refused the finesse; but when he found that the clubs did not break, he went one down.

At trick two, South should test clubs by playing to the Ace and back to the Queen. If the suit breaks, then, of course, the "automatic" play is correct, as the contract is assured. However, when the 4-1 break in clubs comes to light, the picture changes. At this point the heart is not the correct play, because nine tricks cannot be made without finding an extra trick in spades. The danger card is now the spade King, and this suit must be attacked first. If East holds the King, there is no problem; if West holds it, the contract can still be made if East has the heart Ace.

South was unlucky to find both finesses wrong, but he had a better play at his disposal.

We turn to a small slam:

N
♠ A K J
♥ J 10 7 3
♦ K J 5
♣ K 8 6
W
♠ 8 6 4
♥ 6 5
♦ 10 8 4 2
♣ J 10 5
S
♠ 9 5 2
♥ A K Q 9 2
♦ A 9 6
♣ A 7

Both sides had won a game, when North dealt and bid one no trump. South forced with three hearts, and North rebid three spades, accepting hearts as trumps, and making an economical cue-bid. South tried four clubs. North refused to

give further encouragement and signed off in four hearts, but South pushed on to six hearts.

Winning West's club Queen in hand, declarer drew trumps in two rounds. He then cashed the club King, ruffed dummy's last club and led a spade, finessing the Knave. East won, and returned a spade. The declarer crossed to his diamond Ace and returned a diamond, finessing the Knave. East again had the Queen, and the slam was lost.

South was unlucky to find both finesses wrong, but he had a better play at his disposal.

FRIENDS FOR LIFE

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The General Secretary,
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Tel: 01-730 8265
Registered Charity number 279044



Message to
history

LEISURE

Janet Marsh on a threat to Brighton Pavilion

The accountants step in

GEORGE IV, that plump autocrat, voluptuary and collector, might not have been this country's best-loved monarch, but he did bequeath to 20th-century Britain two of its top tourist attractions: the romanticised pile of Windsor Castle and the soaring fantasy of Brighton Pavilion.

Fashion is fickle. There was a time when the pavilion was dismissed as a harmless joke. Today, it inspires affection and wonder in equal parts. The cumulative effort of a succession of architects and of many years, it now appears in a surprising homogeneity as the supreme architectural expression of eclecticism. John Dinkel, the pavilion's best chronicler, speaks tellingly of "the forces of imagination which George IV had unleashed."

The pavilion now is a national treasure, revered internationally. It is a place that is anomalous in that it has for 135 years been subject to the ownership and caprices of a local council. To be fair, the Brighton councillors generally have fulfilled their stewardship handsomely, as the present extensive restoration of the roofs testifies amply.

It is true that there have been warring moments in the years since Brighton bought the pavilion from Queen Victoria for £53,000. Victorian refurbishments did not improve it; nor did its patriotic use as a military hospital during World War I — except that the revival of royal interest in the restoration and refurbishing of the place was a direct outcome of this

episode. In 1935 there was a movement to demolish the building in the interests of "modernity", while a post-war council felt it should be left in its Victorian decay. More enlightened views prevailed; and the untiring work of two specialised directors and their specialised staff over almost 40 years has restored the pavilion to its Georgian brilliance.

Now, however, the pavilion and its associated art gallery and museum are facing their most serious threat, according to a letter just circulated by Lord Briggs as chairman of the Friends of the Royal Pavilion. His co-signatories are Sir John Baines and Geoffrey de Bellis, Surveyor of the Queen's Works of Art.

Thirteen years ago, Lord Clarendon of Salford warned: "There is a very real chance that a building like this could fall under centralised and bureaucratic control, and I know what a disaster that could be."

Lord Briggs writes: "That disaster now appears to be upon us, and at a time when the opportunities offered by the current large-scale restoration to the Royal Pavilion, and by the sophisticated and expert work done within it, are greater than ever before."

The threat has arisen innocently, no doubt. Brighton Council, seeking means of making economies, consulted the oracles of our time, the accountants. The august firm of Price Waterhouse duly reported, and included in its

considerations the pavilion, art gallery and museum. It concluded, a little patronisingly: "The present director of the Royal Pavilion has obviously done a superb job in restoring the pavilion to its original Regency splendour, and this work is well advanced. What is needed now is an entrepreneurial approach to exploit this asset by attracting more visitors."

Its recommendation is, therefore, to abolish the posts of director and deputy director and hand over the department running the pavilion to a Director of Tourism. Conferences and entertainments, who "should perhaps be a businessman or impresario on a short-term contract." Such a fellow, Price Waterhouse is sure, would raise the annual gate to half a million visitors, and increase the income from franchising by £100,000. The figures are round and reassuring, but the methods of attaining them are left somewhat vague.

It is easy to sympathise with the indignation of the staff and the Friends of the Royal Pavilion, and, equally, to believe their charge that the study of the department was the result of only three one-hour interviews. The recommendations betray no awareness whatsoever of the special nature and problems of a museum and national monument, but treat the building as if it were just an over-decorated typing pool.

Lord Briggs and his co-



Riposte! The Pavilion staff analysis...

signatories believe that an organisation such as that proposed "would reduce public trust, indispensable to its financial support, and destroy a delicate system of checks and balances which has allowed such remarkable progress to be made."

Most galling to the present staff is that Price Waterhouse has commented on the inevitable fall in admissions during the present restoration period, without pointing out that the pavilion still stands at eighth place among the most-visited historic houses in Britain; while recorded average growth in normal years would, in the normal course of events, achieve the mystical half-million figure by 1990. Nor do the accountants mention that their plans for extending franchising coincide with those already presented by the pavilion director, but shelved by the local council, for four years.

The present administration of the pavilion and museums is a record of unqualified success; and to tamper with it could bring only disaster. The council's past record at least encourages the hope that this time, also, it will restrain itself from committing an irredeemable folly.

Meanwhile, at a time when the building itself is shrouded largely in the builder's sheets, there is no better reminder of the glories of the Pavilion than John Morley's recent *The Making of the Royal Pavilion Brighton* (Society, £47.50), a sumptuous collection of all the known original designs for the palace. It should be read in conjunction with John Dinkel's complementary *The Royal Pavilion Brighton* (Scala/Philip Wilson), written charmingly, illustrated grandly, and rather cheaper at £29.95, or £4.95 paperback.

Alan Forrest on Grand National fever

The race that the punters love

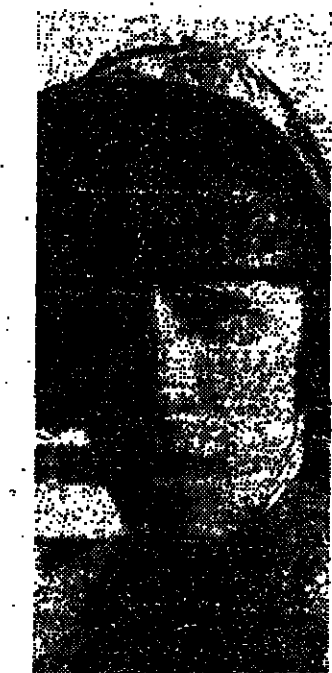
WHY DO all those people who never get closer to a horse than a donkey ride on the beach rush to the betting shops on a March Saturday convinced that thought Dame Fortune may not smile, she won't exactly give them a kick in the tender parts?

It isn't as if the Grand National is the best pumping race. The experts prefer the Cheltenham Gold Cup where the horseflesh is better, the Cotswold setting lovely and that uphill finish fearsome. Few inferior horses win the Gold Cup; inferior horses have won the National and will continue to do so.

But the National is a legend. There's the Aintree course itself, 4½ miles of hard graft with large problems like Becher's, Valentine's and The Chair on the way. It is a fantastic test of horses and men (sorry, horses, men and women nowadays). As the minutes tick by to 3.30 today, white-faced jockeys will sit quietly in the changing room.

Former champion jockey Dick Francis, now a best-selling writer of thrillers, has described the scene vividly: "The atmosphere is electric. You sit in the changing room and wait. You have no heart for the chatter and jokes of ordinary race days. Rows of silent jockeys sit on the benches."

There are churning stomachs, and looks of pure hate among one of sport's most friendly throngs. The long unpleasant wait was just an experience of



Peter Scudamore

his first Grand National. "But I felt the same every year afterwards. You never get used to it."

To look at all the race legends would take hours. Francis himself is one of them to be looking a certain winner in the run-in from the last fence, only to have the Queen Mother's Devon Loch collapse under him a few steps from the winning post.

There was the year a no-hoper called Foinavon won at 100-1 because it was one of the

few finishers after a day of carnage over the jumps.

What about this year's race? My sucker bet—forecasting the first three—is going on Halo Dandy (last year's winner), Corbiere and Greasepaint.

The wonderful unpredictability of the National has been seen again this year—injuries to horses, jockeys falling medical inspections, writes Dominic Wigan. Peter Scudamore finds himself unexpectedly on Corbiere (1983 winner) after Ben de Haan gave up the fitness fight and Graham Bradley rides last year's winner, Halo Dandy, after Neale Doughty was ruled out by Jockey Club doctor Michael Allen.

Doughty was almost in tears and attacked the system by which the decision of only one doctor "could be a blow to my career." He said: "I don't even have to take a pain-killer after my fall at Worcester."

But later, after the dust settled, he said: "Graham's a good friend. I'll tell him all I can about the old horse. By the time I've finished with Graham, he'll know as much about Halo Dandy as I do." Year by year, happenings like this show the National as not so much a horse race, more a slice of life. Those of us who love it never believed it would die, even back in the days when Mirabel Topham was being unpredictable. The news that Seagram, the drinks company, is to continue its sponsorship raises our spirits.

Books: William St. Clair

Shakespeare's Labours Lost

IT WAS not until the time of Dr Johnson that poets were regarded as worthy subjects for biography. If John Dunne is an exception, he was a poet of the 18th century. When William Shakespeare died in 1616, he was already famous. But nobody sought out his friends and contemporaries to ask for reminiscences. The documents were soon destroyed or scattered; and when people eventually began to ask about his life, it was impossible to supply much of an answer.

More is known today than at any time since the 17th century. Samuel Schoenbaum in his *Documentary Life* has collected all the genuine primary sources which have been brought to light in 200 years of careful scholarship. They are now surprisingly numerous—entries in parish registers, legal records, a few near-contemporary anecdotes, as well as the will that bequeathed the puzzling second-best bed to Anne Hathaway.

But if the main outlines of Shakespeare's career are now firmly established, there can never be a biography in the modern sense. Since there is almost nothing personal to go on but the tantalising generalisation that Shakespeare must have been the wisest man that ever wrote.

His colleagues, John Heminges and Henry Condell, who prepared the First Folio of 1623, evidently realised the heavy

responsibility they carried. It would have been far better, they remark in the Preface, if the author himself had lived to publish his own works. But such events ordained otherwise, readers are begged not to be over-critical of the painful and difficult work of collecting Shakespeare's plays and editing them for publication. In one important respect, they admit, their work as literary executors was rendered easy. "His mind and hand went together. And what he thought, he uttered with that easiness that we have scarce relieved from him a blot in his papers." The world's greatest poet evidently had neat and tidy handwriting.

The First Folio is the only source for 18 of the plays and provides a superior text for most of the other 18. It also includes one of the only two undoubtedly genuine portraits of the poet. This edition of Shakespeare is the most important printed book of the English-speaking world.

The copy which belonged to the American song-writer Paul Francis Webster "Love is a many splendored thing" is to be auctioned at Sotheby's in New York on April 24 and is expected to fetch several hundred thousand dollars. When I looked at it in London, I noticed a bookseller's price pencilled on the end paper. The book was sold for one pound five shillings in an earlier century. The publishing of the First Folio was from the first

regarded as a high-risk investment, and it took time for boldness to be rewarded. A Second Folio, a reprint of the first, is dated 1632, but was probably produced later. The Third Folio, dated 1664, also included Pericles, a play whose relationship with Shakespeare is uncertain, as well as six other plays which are undoubtedly not by him. The Fourth of 1685 has no independent textual authority.

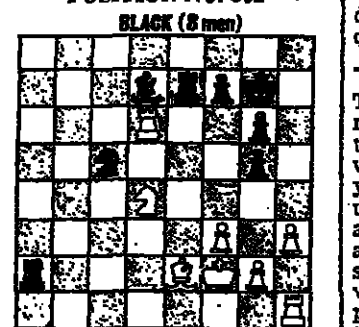
Copies of the later Folios are also due to be auctioned at the Webster sale, and Sothebians of Saville Street in London have a few in stock.

The records of the Bodleian Library note the purchase of a copy of the First Folio when it came out. When the Third Folio was published, a cost-conscious librarian kept on stock-control, disposed of the superseded edition in an action to be compared with that of the bear Indian who threw away a pearl richer than all his tribe. In 1905, however, an undergraduate brought in an old book for advice. It was identified as the original Bodleian copy by the binding and repurchased for the library.

Heminges and Condell are as elusive as Shakespeare. They evidently spent most of their lives in the parish of St Mary Aldermanbury in the area behind Guildhall in the City of London, since the parish registers note the baptism of a total of 23 Heminges and Condell children as well as their own burial. The church itself has been removed stone by stone to the United States, and the memorial to the two men in the churchyard is scarcely worthy of their achievement. Their real monument is a few hundred yards away in the Barbican Theatre, where the Royal Shakespeare Company constantly renews the miracles which they helped to preserve.

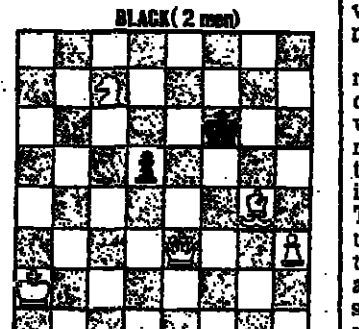
17...R-R; 18 QxR, R-K1; 19 Q-N3, R-K3; 20 Resigns. Only now does White see that if 20 N-B1, R-N3; 21 K-R, Q-Q8 mate. He had probably expected 20...R-B2; 21 B-QB4, threatening 22 B-KR6.

POSITION NO. 561



Psakhis vs. Belyavsky, European club team final 1980. Material is level and also much reduced, but it took Black only two moves to force resignation. How did the game end?

PROBLEM NO. 561



White mates in three moves, against any defence (by J.B. of Bridport, 1880). The anonymous composer of this puzzle had a contemporary, Sam Loyd, who became the best-known of all problemists, while his one-time rival was forgotten. This three-mover compares well with many.

Solutions Page 18

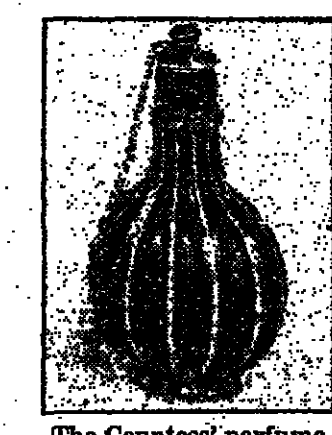
Burghley treasure

Antony Thorncroft visits an Elizabethan mansion

ON MONDAY, Burghley House near Stamford opens its doors for the season. It is one of the finest Elizabethan houses in the country, built quickly between 1555-57 by William Cecil, Queen Elizabeth's chief minister, and remaining in the possession of the senior branch of his family ever since. (His younger son founded the Salisbury Cecil, and Hatfield House.)

Just before the death of the sixth Marquess in 1981 (the family were given the Marquessate of Exeter in 1801 to keep them in line with the Marquessate of Salisbury awarded to the junior branch), Burghley was formed into a trust which ran the house and strains to maintain it.

Rather than bring in an outside manager the trust appointed Lady Victoria Leatham, a daughter of the sixth Marquess (the Lord Burghley of Olympic fame) to run the house. She has taken on the task for 15 years—there are 12 to go—and combines a family love for the old home with the business acumen needed to keep such an expensive pile upright. Revenue comes from the surrounding land, both agricultural and in Stamford town, and from visitors—55,000 last year. Expenditure goes on slowly repairing the ravages of time and coping with sudden emergencies, such as collapsing ceilings. To entice the public, Lady Victoria has begun an annual series of specialist exhibitions built around Burghley's collections. This year it is entitled "The Countess's Gems," because the objects on view came to Burghley through a marriage with Ann, a daughter of a rich Earl of Devonshire, who inherited from her mother in 1689 all the contents of her private apartments at old Chastworth. It must have been a great day for Burghley when the carts arrived with the furniture



The Countess's perfume bottle

and fittings. An inventory was taken in 1690; and the items now on view can be checked against the original descriptions. But what gives the exhibition special piquancy is that the "Gems" were disregarded for centuries, disappearing inside cabinets, or consigned to vaults, and have only recently been rediscovered. They are now recognised as the nation's finest collection of "treasure" pieces, the forerunners of objects of vertu.

In the 17th century, and later, a rich landowner might hand around for his friends' diversion after dinner—small objects made of semi-precious stones, not always serving any useful function, but showing off the skills of the jewellers and the craftsmen of the age. So the Countess's gems are not jewels exactly, but the finest baubles imaginable.

They are rich men's playthings, pretty pieces which proclaim wealth and taste. To hold dear at bay Lady Victoria has to involve herself with national life. Her latest scheme is to repair the books in the library and great hall, which are in a sorry state. She is negotiating with American Express to pay for the work; in return they will enjoy the prestige of taking the Burghley early export porcelain on show around the world. Burghley is also giving more than any other British house to the Treasure Houses of Britain exhibition in Washington in the autumn. Only by proclaiming the attractions to the world of an old mansion in a remote part of the country can Burghley survive.

Jacqueline Shorey on the attractions of rowing

Why women stick their oars in

AT 2 O'CLOCK tomorrow afternoon, the annual University Boat Race will be under way, with Oxford hoping to break Cambridge's run of three successive victories. This is not the virile TV spectacular from Putney to Chiswick, but the women's Boat Race, rowed at Henley.

The two major events in the rowing calendar which achieve any media coverage are the University Boat Race and Henley Royal Regatta. Both are male dominated. The only women seen to be participating in the sport are female coxes. Sue Brown and this year Henrietta Shaw in the Boat Race. At Henley, amid the Pimms and skirts-for-ladies rule, there are no women's races. The "Ladies' Plate" is a misnomer.

This hardly reflects the nationwide participation by women. All but the most male chauvinist clubs have opened their doors to women, as more and more women want to row. The two essentials if you want to take up rowing apply equally to men and women. You must be able to swim 50 metres, and you must have access to water.

To find out about local clubs you should contact the Amateur Rowing Association which will put you in touch with your divisional representative. The association will also recommend clubs which cater for beginners. Club membership costs between £20-£50 a year and includes use of boats, coaching and often the use of a gym. If the club has to hire a gym, there may be a small extra charge.

Rowing is perfect exercise in itself but most clubs will encourage members to train in the gym to develop fitness and strength. Clubs will always let you have a free trial session, if not in a boat then in a rowing tank to give you the feel of the water, and an idea of the basic technique. Your first outing will probably be in a pair or four, with at least one other experienced coxswain on board to tell you what to do. The single person sculling boat is not usually issued to beginners.



being less stable than a larger boat, but it is the ideal craft for those who prefer to exercise alone, or whose timetable makes crew rowing impossible.

You won't have to buy any special equipment, nor trendy clothing—rowers are a motley crew who put on layers of assorted warm clothing, which can be peeled off as they warm up. Wellies are recommended for getting in and out of boats.

You will quickly master the basic technique—but becoming a good coxswain takes long hours on the water. In winter, lack of light will restrict outings to weekends but the days lengthen you will discover the delights of early evening paddles—the perfect way to wind down after work—and the pleasure of escaping to the river on a hot sticky day.

Rowing is a sport for all, whatever your age, size, sex or ambition. It is an excellent form of all-round exercise. The winter outings are over long distances, building up endurance and strength and provide a perfect form of aerobic or interrupted lung-bracing exercise. The long head of the river races held during the winter and spring reflect this training. This is the preparation for the regattas in the summer, over shorter distances, when speed is vital, and the body switches to anaerobic respiration. You don't have to be a youngster to take up rowing. There are junior, senior and

elite categories, and mature oarsmen and women are usually referred to by the more genteel title of veteran. One becomes a veteran at the ripe old age of 27, and there are six veteran age groups, up to the over-60s. There are also lightweight categories for both men (under 72.5 kgs) and women (under 55 kgs) so you don't have to be colossal to row.

Crews are also graded according to experience and success—a complete beginner or a crew which has not won an open race is classified as novice. Losing one's novice status (by winning one's first "pot" or prize) is sometimes the most difficult and often most memorable achievement in rowing.

If you are rowing purely for exercise or even just for fun, and the idea of competition doesn't appeal, there is nothing to stop you remaining a novice, but as technique, fitness and strength improve, and the crew spirit develops, and as the sun comes out few can resist the lure of the race.

CONTACTS

- Amateur Rowing Association (ARA), 6 Lower Mall, London W6 9DJ. Tel: 01-748 3632.
- Scottish ARA, 46 Churchhill Drive, Bridge of Allan, Stirling FK9 4TJ. Tel: 0788 630029.
- Welsh ARA, 30 Lady Mary Road, Cardiff CF2 5NT. Tel: Cardiff 754259.
- Coastal ARA, 5 Harris Road, Newport, Isle of Wight.
- EVENTS
- Saturday March 30, Head of the River Race (Mortlake-Putney) 10.15 am. (The start of this race—chaos at Mortlake—has more fun to watch than the professional finish.)
- Sunday March 31, Women's University Boat Race (Henley) 2 pm.
- Saturday April 6, Boat Race (Putney-Mortlake) 2.45 pm.
- July 4-7, Henley Royal Regatta.
- July 19-21, National Rowing Championships (National Water Sports Centre, Nottingham).

fair body but lacks roundness; lots of fruit, still very dry, uncharming; not much nose at first, very alcoholic, ended dry.

As these notes indicate, opinions were, as usual, divided. Tasting was not an exact science, and putting it into words extremely difficult. It was unanimously agreed, however, that Lafite came top, bracketed in one case with Latour which, in the voting, took second place (although two put Petrus there and two Margaux). Cheval-Blanc, remarkably, came third and Petrus fourth, Haut-Brion fifth, Mouton-Rothschild sixth, and Margaux seventh.

The Mouton-Rothschild came sixth or seventh on most notes, and Haut-Brion was bottom, on two cards. Personally, I would have placed it higher; and, on present showing, I was not so keen as some on Latour although, certainly, it is the wine most capable still of development.

As has to be said on these occasions, the views expressed and the comparative voting results can take account only of the actual bottles drunk at the particular time. Yet, the first-growths are best placed to make as good a wine as possible in any vintage, and it would seem that those who still have 1974 clarets should drink, rather than keep them.

● Edmund Penning-Rowell's classic study of "The Wines of Bordeaux" has just been republished in a fifth edition, substantially revised and updated, by Penguin (12.95).

Edmund Penning-Rowell reviews 1974 clarets

A hard and charmless collection

tonneau (Petrus) down to FF 25,000 (Latour, Haut-Brion and Cheval-Blanc), compared with FF 50,000-FF 52,000 for the not-gratifying-seemingly 1973s. In 1973, the wine went remains a slight mystery. Nevertheless, 1974 was not a bad vintage like 1983 or 1972 (though that year has retained a small band of supporters still drinking their way through its ungrateful wines). So it was interesting, indeed only fair, to see how the cut-price first-growths had matured after the 10 years that tradition accepts as required for a claret vintage's leading wines to develop.

Regular readers of this column, may remember that a dinner is held each year to drink, rather than just taste, the first-growths of each reasonably acceptable vintage as it reaches its first decade. Ausone has been omitted because, for a very long period, it was not producing wines of first-growth quality from its tiny vineyard although, in recent years, this has all been changed. So, six of us, including two Masters of Wine, sat down recently to drink Chx. Margaux, Lafite, Haut-Brion, Mouton-Rothschild, Latour, Cheval-Blanc and Petrus, in that order. The bottles were decanted about an hour before the dinner

begin, which meant that the later bottles had been opened a couple of hours before being poured. However, a maximum of six people per bottle enables a fair refreshment of each glass before a final assessment. Agreement was general that the wines were better than expected. All had good colour, as indeed the 1974's always have had, and most had an attractive aroma. Where they tended to fall short was on roundness and fruit, though they were not excessively acid.

Here, then, are the notes I took at the table, supplemented by comments from other members of the party.

Ch. Margaux. Good colour, nice elegant nose, plenty of body but hard and short-tasting in the mouth; alluring scent, but no complexity, simple, short; gentle, fragrant, crisp, dry but raw.

Ch. Lafite. Similar colour, typical fine Medoc nose, that comes out of the glass. Quite sweet on the taste; and long; nose became more opulent as evening wore on; much more to it on palate than Margaux, lovely scent.

very deep colour, gamey nose, dry finish on taste; surprisingly deep colour, bricky, tannic on nose, dry, hard on palate, tobacco, earthy tang.

Mouton-Rothschild. Fine deep lively colour, closed nose took an hour to open; silky texture on palate; sweet (almost boiled-sweet) aroma, some substance, but drying out and flavour disappeared like Margaux; very big colour, nose not at all evident; fairly strong, but lacking individuality and class.

Latour. Lively colour, lovely bouquet, powerful, almost perfumed. On taste the most approachable young Latour tasted, has the most potential of all; very intense colour, very dumb on nose even after two hours, well put-together wine, undemonstrative: big flavour, rather a lumbering wine, but can develop.

Cheval-Blanc. Medium colour, some fragrance, dry tannic finish on taste, medium length; good colour, surprisingly good vanilla aroma, and flavour in view of arrival only hours before tasting; suggestion of bath-essence on nose; lot of ripe fruit and more mouthfilling than most, but dry and short; good fruit, robust but very tannic.

Petrus. Very big colour, lovely sweet nose, plummy as usual; huge colour, hard-to-find nose.

Ibstock Johnsen doubled to £12m.

AS WELL as near doubling its profit to £12.42m in 1984, Ibstock Johnsen is raising its dividend from 5.5p to 8p net, with a 2-for-1 scrip issue. Accompanying the preliminary figures are details of all acquisition costing £3.5m, and representing Ibstock's initial step into clay roof tiles.

Turnover of the group, which deals in building products, wood-pulp and merchant paper and board, rose from £87.7m to £110.29m. The profit was in the middle of the range expected by the City, and compared with £6.3m in 1983.

Both sides of the buildings products division showed progress, with the UK increasing its trading profit from £11.26m to £12.42m and the US, cutting its loss from £1.23m to £0.77m. The fibres side showed a dramatic £3m surge to £2.25m.

As regards the current year, the directors are looking for another period of "excellent results". There have been difficulties in the first quarter but this should be balanced out by the increasing momentum in the U.S. and results of investment and acquisitions in the UK.

The acquisition is that of H. F. Warner, which manufactures clay roof tiles and owns a substantial reserve of clay at its 100-acre freehold site near Maidenhead, Berkshire. Cost of the acquisition includes the cancellation of directors' service contracts. Settlement is by the issue

of some 1.6m Ibstock shares which are to be placed in the market, and by a deferred cash payment of £1m due within six months of completion.

For 1984 Warner's profits before directors' remuneration came to £592,000. Net assets at the end of the year were £1.1m, including cash of £741,000 but excluding a valuation of the clay reserves.

The new shares represent some 5.1 per cent of the enlarged capital. They will be entitled to participate in the Ibstock final dividend and scrip issue.

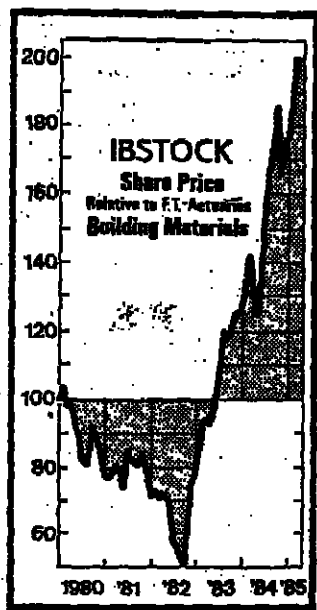
On the current year the directors report that after a succession of mild winters in the UK, the first two months of 1985 have been affected by severe weather and results were therefore below expectations.

Recovery is taking place and they hope that, if not by the end of the first half then at least by the end of the year, ground lost in January and February will have been regained.

A combination of factors favoured the fibres division. One was the recovery early in the year of the price of pulp and another was unusually favourable exchange rate movements.

Benefits were also achieved from the major investment programme of the associate Eucalyptus Pulp Mills, and the return to profitability of the board and packaging subsidiary.

After tax £4.94m (£2.28m) the net profit comes to £7.47m



(£4.02m) for earnings of 26.07p (14.08p) per share. The rationalisation of production units has meant a write off of £4.6m, of which half has been charged as an extraordinary item and the other half against reserves.

The vendor placing for the Warner acquisition was financed not by Ibstock's own broker Laing and Cruickshank, but by Grieson Grant, the firm in which Ibstock's merchant bank Kleinwort Benson has bought a stake in the City revolution.

comment

Ibstock Johnsen had enough in reserve to beat market forecasts by a fraction and send its shares up 12p to 315p with these figures. After the last three dramatic years in which the company has recovered steeply from a £3.9m loss in 1982, and beat off a London Brick bid on the way, this year's advance will be more steady. In the UK, Ibstock should sell only a few million more bricks, given the dull market, but with prices rising, margins should be better. In Fibres, last year's bumper profits on the back of soaring pulp prices can scarcely be matched. In the U.S., there are faint signs that Ibstock's five years' hard work will at last pay off, and profits, albeit small, are in sight. But this is not to suggest that Ibstock has little more to offer investors—in the U.S. above all the potential is enormous with the capacity of 500m bricks a year against under 300m in the UK. Even with undemanding margins the Roader acquisition opens up the wider market. The shares trade on a justifiable premium to the sector—on current-year profits of £16m and a 35 per cent tax charge they are on a prospective multiple of just under 9.

Automated Security advances to £6.3m

Automated Security (Holdings), the electronic security group, achieved solid growth in 1984 with pre-tax profits up 42 per cent from £4.4m to a record £6.26m, on turnover 19 per cent higher at £28.91m, against £24.21m. The result was in line with last October's forecast of not less than £6m.

The year's results exclude any income from Network Security Corporation, in which the group acquired a 26.6 per cent holding in November. This month, Network announced its 1984 figures, which showed turnover up 95 per cent to US\$38.1m and pre-tax profits 290 per cent higher at \$5.04m (£4.1m).

Automated's operating profits for the year to November 30 climbed by 58 per cent, while profit margins increased from 18 per cent to 22 per cent. Rental income was up 10 per cent at £12m. During the year the divisional structure of the company became fully operational and the management of each division was strengthened.

Tax took £414,000 (£244,000) and stated earnings per 10p share were ahead from 8.22p to 10.8p. As forecast, a final dividend of 0.76p net raises the total from 1.03p to 1.24p.

Following the Network purchase and the related rights issue, the group's financial position is very strong, the directors state. They say they look to the future from a stronger trading base, a healthier financial position and with a more professional and well structured operation than ever before.

Goodwill written off in the period amounted to £1.58m (£1.15m).

In January 1985 the group purchased Aerospace Communications Systems for £825,000 in cash.

comment

ASH has produced results just slightly above market forecasts and with the improvement in margins the historic multiple is up to almost 18 at 192p. The group is rapidly expanding in both the UK and the U.S. At home the number of branches has risen from 33 at the interim to 40. In the U.S. the group took a 27 per cent stake, for £14.1m, in Network Security, contributions from which are expected next time. Changes in allowances for capital spending are, however, going to see the tax rate steady. In 1984 it was only 6.6 per cent but analysts have 22 per cent (also impacted by the higher U.S. tax rates) for this year. The market is expecting £9.7m pre-tax with £2.1m of this from the U.S., hence a prospective of almost 14.

Prestwick flotation will aid expansion programme

BY STEFAN WAGSTYL

Prestwick Holdings, one of Europe's largest makers of printed circuit boards, is to be floated on the Stock Exchange next month with a market capitalisation of about £20m.

The company is seeking a listing to raise about £5m to help pay for a £13m expansion programme at its factories at Ayr and at Irvine in Scotland.

Prestwick, with sales running at about £20m a year, says that once the new plant is installed its capacity will be more than double that of its nearest UK rivals, which include subsidiaries of STC and Plessey.

Prestwick concentrates on plated-through-hole boards — where components on two sides can be connected together — which have the largest market and the widest range of uses — including computers and office equipment, telephone exchanges and electronic engine management systems. Among the customers are GEC, Ferranti, Rank, Xerox and Lucas.

The company was formed in 1989 by two qualified engineers — Mr William Miller, the managing director, aged 52, and 56-year-old Mr Christopher Rievet, deputy managing director. They were helped by Mr Miller's brother, Mr Eric Miller, who became chairman, and money

was largely raised by the Miller family.

Prestwick grew first by supplying the nascent Scottish electronics industry then it sold to other parts of the UK and later abroad, particularly to western Europe.

In 1978, the company made two acquisitions — and both turned out badly. It acquired 81 per cent stakes in GB Technology, a UK maker of computer typesetting equipment for the newspaper industry, and in USW, a U.S. specialist in electronic circuit wiring.

After cumulative losses of about £1m, and a £200,000 write-off against the balance sheet, GBT was sold last year to its managers — USW was finally brought into profit last year, again after losses totalling £1m, caused by mounting development costs and recession.

Mr William Miller said: "We learnt a lot about diversification. Which isn't to say we'll never diversify again."

The impact of the recession on Prestwick's pcb business came just at the time as it was wrestling with the problems of GBT and USW.

While the GBT losses have been stripped out of the group profit after the sale of the business, those of USW have not. Prestwick plunged from a pre-tax

profit of £566,000 on sales of £5.2m in 1980 to a loss of £157,000 on sales of £5.4m in 1982.

However, Prestwick continued to invest in plant to drive down production costs and win market share by lowering prices. The share price consequently switched from being a high-margin low-volume producer to a high-volume low-margin business.

Prestwick also opted to concentrate on improving production processes rather than forging head to the limits of pcb design. Mr William Miller said: "Our strategy is always to do better at what we are already good at, rather than look into specialist high-technology niches."

The company's recovery in the past three years seems to prove the directors right. Sales have picked up quickly, climbing to £37.7m in 1983, £41.5m in the year to last July, and a forecast £20m increase in the current year. After 1982's loss, pre-tax profits reached £461,000 in 1983, £1.1m last year, and are likely to be well over £1.5m this year.

The most recent performance is the most significant. Prestwick has succeeded in increasing sales and profits against a background of falling prices in the industry as the home computer makers slashed orders in the face of falling demand in the High Street.

Second Market £6.4m rights

Second Market Investment Company, an investment trust launched last October to specialise in fledgling French equities, is tripling its size with a two-for-one rights issue raising £6.4m after expenses.

Investing in the "second market", the French equivalent of Britain's USM, the trust currently trades at a premium to net asset value per share of 10.50p, which itself is up from October's 8.62p. Yesterday, the shares were trading at 13.1p, unchanged.

Second Market initially raised £2.9m after expenses through a placing of 30m shares at 10p each. In the rights issue, it is issuing 60m new shares at 11p each. Holders of 85 per cent of existing equity have indicated they will take up their rights, although not fully, since they have spoken for only 20m new shares.

The remainder has been underwritten by Lombard Odier, a Swiss bank which manages the trust.

ASR agreed £9m bid

A PRIVATE Luxembourg-based company, Minit International, has announced an agreed £9m cash bid for the shoe repair and key cutting group, ASR, formerly Allied Leather Industries.

Minit, advised by Noble Grassart, is offering 450p cash for ASR's 3m shares. An offer of 65p cash for each of the 150,000 £1m nominal value 34 per cent preference stock and 150p cash for each of the 600,000 £1m nominal value 9 per cent preference stock, has also been agreed at a value of £1m. An equivalent in loan notes for all three offers is also available.

Contested £7m bid for Ingall gathers steam

THE £7.3m contested takeover bid by the Greater Midlands Co-operative Society for Wolverhampton-based funeral director, Ingall Industries, gathered steam yesterday with the publication of the Co-op's offer document.

The Co-op, anxious to boost its funeral business in the Midlands, claimed that Ingall's recent aggressive expansion had left it over-gearred. "Ingall does not appear to have any substantial cash resources to continue its growth in this manner."

But Ingall's advisers, County Bank, dismissed the claim. "The offer is ridiculous and the document contains nothing new," said Mr Tim Seymour at County Bank.

The Co-op is offering 80p cash for each Ingall ordinary share which it says is 8 per cent over the average price of Ingall's shares over the past two years. Ingall's shares closed unchanged last night at 81p.

M. Brown urges rejection

Matthew Brown, the Blackburn-based brewery yesterday urged shareholders to reject Thursday's increased offer from Scottish & Newcastle Breweries.

S&N's share price firmed 31p yesterday to 125p to put a value of nearly 441p per share on its offer, a total of £98.5m. Matthew Brown's shares also rose, however, by 7p to 42p—still just ahead of the S&N bid price.

Matthew Brown said the revised offer of 14 S&N shares and 405p cash for every five Matthew Brown shares was "totally inadequate" and it advised shareholders to take no action.

Matthew Brown's board pointed out that despite the addition of the 405p cash element to the bid—worth 81p for each S&N share—S&N had only been able to acquire a further 7.6 per cent of its shares in the market on Thursday, taking its holding to 12.5 per cent.

Mr Colin Barber, Matthew Brown's company secretary, said the company was "not at all impressed" by S&N's higher bid. "Our view remains the same," he said. "The offer is most unwelcome and wholly unacceptable. We firmly believe in the continued independence of Matthew Brown."

IoM Steam merger in the balance

A full poll was expected yesterday to overturn a show-of-hands rejection of Isle of Man Steam Packet's proposed merger of its mainland service with Sealink.

There were heated exchanges at the AGM, which was followed by an EGM called to approve the deal.

Mr S. R. Shimmin, chairman, said the terms agreed were the best that could be obtained. He stressed that the merger had been proposed to end competition between the company and Sealink which was costing both companies large sums of money.

Shareholders, however, attacked the terms, and called for renegotiation. One also challenged the company's balance sheet, and a show-of-hands vote sent the accounts back for further consideration by directors.

George Wills.

George Wills & Sons (Holdings) importer and exporter, achieved higher pre-tax profits of £586,000, against £590,000, in 1984. Turnover rose from £101.24m to £136.2m.

The result was struck after an exceptional credit of £419,000, being non-recurring income in the trade finance division. There was an exceptional debit of £1.1m last time.

An unchanged final dividend of 5.5p has been recommended which holds the total at 8p. Earnings were down from 6.99p to 4.6p. Wills is buying the outstanding 74.9 per cent of its associate company, C. T. Group, for £1.8m in cash and shares.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
Prices in pence unless otherwise indicated.					
ASR Holdings	450*	445	365	9.00	Times Veneer
Banco Inds	781	90	66	4.30	CH Industries
Bonusbond	323	30	23	1.12	Promotions Rse
Booker McConnell	264½	250	259	329.91	Dec Corp
Brown (Matthew)	441½	442	323	99.57	Scott & Newcastle
Butterfield-Hyatt	273	281	221	3.21	Technology Inc
Dunlop	231	240	51	33.80	BTR
E of Scot Oshresh	11	65	66	11	Ind Fin & Inv Co
Elson & Robbins	102½	84	68	10.15	Hartons Group
Energy Services	98	90	84	36.90	Milit Ind.
Foster Bros	224½	210	228	104.80	Sears Hldgs
Haden	240*	315	232	37.18	Trafalgar House
House of Fraser	400*	396	346	439.92	Al Fayed Inv & Trust (UK)
Hurst (Charles)	200*	185	190	4.32	Garvagh Sees
Inmed Business Sys	40*	40	40	5.40	Wheelabrator Intl
Ingall	80*	91	73	7.30	Cot Midland Co-op
Initial	541½	525	533	171.76	BET
Jackson J. & H. B.	111½	115	84	26.48	Williams Hldgs
Lake & Elliot	50½	85	65½	7.35	Butler
Manor National	131½	123	13	2.35	Brasell (C. D.)
Martin (R. P.)	460*	460	420	43.65	Quadrex
Panzls	357½	362	253	112.12	Harriss & Crsld
Petroleum	73*	75	50	11.71	Clyde Petroleum
Routledge & Kegan Paul	412½	405	283	4.70	Assoc Book
Seacombe, Mthill	440*	435	320	7.04	Citicoor
String Guarantee	68	68	325½	243.10	P & O
Thames Inv & Sec	5*	11	11	0.20	Weber Hldgs
Thrus Inv & Sec Pr	5*	11	11	0.03	Weber Hldgs
Park Place	20*	49	49	1.41	C.D.I. Hldgs
TMG Group	125½	115	75	1.67	Smurfit (J.)
Totol	72½	72	63	123.46	Enrad Corp
Trident Computer	82½	75	70	2.08	Norcoros
UBM	182½	185	189½	113.36	Hocastate
Waring & Gillow	160*	148	155	24.98	Peck Hldgs

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on March 29, 1985. †† At suspension. §§ Shares and cash. ††† Related to NAV to be determined. ||| Loan stock. §§ Suspended.

Scrip Issue

Smith and Nephew—One for five.

Offers for sale, placings and introductions

Associated Steel—USM placing of 800,000 shares at 155p per share. Bladen Industries—Offering 14.95m shares. At least 9m will be sold at a bid price of 115p per share. The remainder will be reserved for existing shareholders. Laidlow Thomson—USM placing of 1.6m shares to raise £862,000. Shorrack—Offer for sale of 6.5m shares at 100p per share. Wayne Kern—USM offer for sale of 4.7m shares at 130p per share.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Amari	Dec	6,510	(2,920)	15.8
Ascar Book Pub	Dec	8,800	(6,324)	—
Babcock Intl	Dec	31,800	(34,100)	—
BAT	Dec	1,110	(97,000)	53.6
Beaton Clark	Dec	4,341	(12,300)	0.5
Benrose Corp	Dec	3,310	(182)	—
Bentley Exp	Dec	3,351	(4,101)	—
Brent Chemicals	Dec	4,810	(4,050)	7.6
Bridon	Dec	14,800	(10,100)	—
Broadway	Jan	624	(874)	2.0
Brit Arrow	Dec	14,100	(10,000)	6.3
Brit Aerospace	Dec	120,200	(32,300)	54.0
Brit Boveri Kent	Dec	7,590	(6,270)	6.7
Bunzl	Dec	27,650	(17,350)	23.0
Cannell, W.	Dec	1,940	(1,529)	10.0
Carpet Int'l	Dec	1,420	(630)	—
Cartwright, R.	Dec	1,460	(1,820)	15.3
Cat Ltd TV	Dec	10,050	(8,300)	—
Charterhall	Dec	3,070	(597)	3.4
Charterhouse Pet	Dec	11,520	(5,100)	8.9
Clyde Pet	Dec	12,300	(11,800)	10.3
Coyes Patons	Dec	109,800	(87,000)	22.4
Comb Eng Stores	Jan	9,160	(8,590)	10.2
County Bank	Dec	4,100	(11,250)	—
Credent Int'l	Dec	26,000	(97,000)	9.5
Delta Group	Dec	48,700	(31,300)	20.9
Desoutter Bros	Dec	4,540	(2,730)	24.1
Dickie, James	Oct	2	(261)	2.0
DRG	Dec	26,000	(16,000)	—
Duffay Blumastic	Dec	506	(588)	3.1
Enterprise Oil	Dec	62,600	(30,800)	—
Exp Pulp Mills	Dec	7,230	(881)	136.9
Exco Intl	Dec	80,670	(32,400)	37.3
Freemans	Dec	23,020	(14,120)	17.1
Fried Dugart	Dec	2,320	(1,100)	27.0
Gee, Cecil	Dec	8,220	(1,080)	8.9
Gibbs & Dandy	Dec	408	(240)	3.0
Grampian Hlids	Dec	1,730	(1,450)	12.6
Haden	Dec	3,560	(8,020)	4.7
Hall Eng	Dec	2,740	(5,600)	15.5
Hepworth Cer	Dec	35,230	(32,520)	14.1
Hickson Intl	Dec	14,960	(16,770)	45.0
Iceland Food	Dec	2,970	(1,230)	20.0
Imi	Dec	49,100	(31,600)	10.7
Jantar	Dec	735	(473)	—
Johnson Gp Clean	Dec	6,670	(6,300)	36.8
Kode Intl	Dec	3,110	(1,120)	12.5
Ladbrooke Gp	Dec	30,200	(14,800)	18.0
Legal & General	Dec	49,100	(55,600)	29.3
Mattews, B.	Dec	4,260	(4,390)	19.1
Mellorware Intl	Dec	5,080	(7,010)	25.4
Metal Closures	Dec	1,110	(945)	12.2
Mills & Allen	Dec	7,040	(7,080)	17.1
Morgan Cruc	Dec	12,680	(9,420)	20.0
Myson Group	Dec	15,500	(9,800)	16.3
Newman Ind	Dec	5,100	(3,040)	6.7
Noble & Lund	Dec	8,400	(2,700)	3.1
OT & T	Dec	59	(570)	—
P&O	Dec	28,700	(7,200)	16.8
Platignum	Dec	68,600	(45,900)	—
Prud Corp	Jan	106	(101,100)	15.1
Rockitt & Colman	Dec	3,400	(1,100)	—
Rotork	Dec	—	—	—

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MAN IN THE NEWS

Dedicated
enemy of
apartheid

By Anthony Robinson

MARX'S dictum that religion is the opium of the people is proving as far from the truth in apartheid South Africa as in General Jaruzelski's Warsaw. Deprived of authentic representation in government, the black majority has found not only comfort but leadership from within the churches. How to deal with "turbulent priests" has become one of the thorniest problems facing President P. W. Botha.

The most turbulent of all is the Rev Allan Boesak, the dapper 39-year-old Coloured theologian whose arrest at the head of Tuesday's abortive march on Parliament in protest against police shootings in the Eastern Cape townships again served to put the Republic in the headlines.

Dr Boesak is the seventh of 8 children of an impoverished school teacher father and seamstress mother from Kakmas, a remote village in the rural North-West Cape. He first emerged as a new force in the struggle against apartheid in 1976, the year of the Soweto uprising. At this turning point in contemporary South African



Allan Boesak put South Africa in the headlines.

history, he returned from six years' study at the Calvinist theological seminary at Kampen, Holland, where he wrote his doctoral thesis on Black Theology and Black Power. His heroes are the anti-Nazi German theologian Dietrich Bonhoeffer, the Afrikaner dissident priest, Beyers Naude "the man who cured my belief that the Boers were bad," and Martin Luther King.

In a country where apartheid extends also to churches, and where the white Dutch Reformed Church has given theological backing to white supremacy, Dr Boesak has led the fight against apartheid on both theological and political grounds. His greatest triumph came at Ottawa in 1982 when the World Alliance of Reformed Churches, representing 70m believers around the world, both condemned apartheid as heresy and elected Dr Boesak as President. It was a double victory that still ripples among conservative Afrikaners.

Having denied Afrikaner faith in the divinely inspired nature of apartheid, he then moved on to present a direct challenge to the Government's plans for a new tri-cameral constitution by campaigning actively for a new coalition of forces to fight against it. This was the origin of the United Democratic Front, which has become the most important anti-government group in South Africa.

For the Government, the UDF is merely the banned African National Congress in a different guise. It is planning a major "treason trial" of UDF activists and other ways of curbing its activities. The links certainly are close. Nelson Mandela, the jailed ANC leader, is one of 15 "patrons" of the UDF, and many leading members are former ANC activists. But Dr Boesak denies it is an ANC puppet, adding: "If you are trying to create a representative and non-ethnic people's movement in South Africa, it is very difficult to do so and not run into the ANC."

Fluent in Afrikaans and English, and an impressive orator, Dr Boesak is a voice and organising factor the Government would dearly like silenced. Early this year, the secret police mounted a smear campaign through the media linking Dr Boesak, a married man with four children, to a white woman official of the South African Council of Churches. It was timed to coincide with the visit of Sen. Edward Kennedy, who toured the country with Dr Boesak as his host. The result was "three months of sheer hell" and deep conflict within his church, followed finally by reinstatement.

Political rifts deepen in Greece

By ANDRIANA IERODIACONOU IN ATHENS

GREECE was plunged yesterday into political uncertainty and bitterness with the highly controversial choice of Supreme Court Judge Christos Sartzetakis as the country's President. Mr Sartzetakis's election in a turbulent parliamentary vote was immediately challenged by the main opposition group, the New Democracy Party, which said it would refuse to recognise him as President.

The Socialist Government's success in securing the election of its candidate removes the likelihood of a May general election, although a poll has to be held by October. The clash over the methods used by the Socialists to capture the presidency and the move by Mr Andreas Papandreu, the Prime Minister, to question the validity of Greece's 1975 constitution promise a highly volatile run-up to the elections.

In a cliff-hanger ballot count, the government, with the help

of Communist and independent MPs, narrowly scraped together the 180-strong majority required in the 300-member House for Mr Sartzetakis's election in a third and final round of voting for a new head of state. New Democracy's 114 deputies abstained. The balance was made up of five spoiled ballots and one blank.

The New Democrats challenged the result on the grounds that Mr Yiannis Alevras, the acting President and a Socialist deputy, took part in the balloting. Whether he had the right of vote under the constitution is unclear.

Mr Alevras refrained from voting in two earlier rounds of balloting this month, in which a 200-strong majority was needed to elect a president. The government initially consulted the nation's leading constitutional expert on Mr Alevras's

right to vote. The majority said he could not. The government settled the matter, however, by taking it before parliament, where the Socialists enjoy a comfortable majority.

"Our position is clear. We do not recognise Mr Sartzetakis as President. The matter will be settled by the people at the next general election," Mr Constantine Mitsotakis, the New Democracy leader, told the House.

Despite the dramatic tone of this statement, the presidential election is unlikely to precipitate a constitutional crisis because there is little the New Democrats can do to challenge Mr Sartzetakis's presidency. Greece lacks constitutional courts, which might have ruled on a dispute of this kind. The New Democrats said yesterday that they would not attend the President's swearing-in ceremony on Saturday.

An additional dispute arose

in parliament because of the Government's insistence on using ballot papers of two colours—blue for its candidate and white against—a practice introduced in the second round of voting last weekend. Mr Mitsotakis denounced it as a violation of the parliamentary regulations which call for "uniform" ballot slips, and of the constitutional requirement that ballot papers for the presidency be secret.

The Government introduced two-tone ballots in an effort to prevent dissident voting in its ranks.

Dr Papandreu defended his government's position by reminding the House that the Socialists, then in the opposition, had disagreed with the introduction of the country's constitution in 1975, after the collapse of Greece's military dictatorship.

Profile of Mr Sartzetakis, Page 2

Government unveils proposals for cutting red tape on business

By WILLIAM DAWKINS

THE GOVERNMENT yesterday unveiled a far-reaching consultative document calling for action to cut the red tape which it says chokes the growth of many small businesses.

Its proposals to streamline regulations dealing with the way you run a business, National Insurance, planning controls and audit requirements among many others were greeted with enthusiasm by business pressure groups. However, there were doubts over the prospects for getting the study's recommendations implemented.

The report, *Burden on Business*, is the result of a £173,000 study, co-ordinated over eight months by Mr David Trippier, the Minister for Small Businesses, with the help of seven government departments. It calls for a small central task force "with real teeth" to be established. This would scrutinise regulatory proposals and regularly review the scope for simplifying existing requirements.

One of the report's more radical proposals is that the PAYE system should be put on to a non-cumulative basis, so employers can calculate National Insurance and PAYE on the same document. Other

THE main options outlined in *Burden on Business* are:

PAYE/NIL Open the way to putting PAYE and NI calculations side by side in the same deduction tables.

VAT Take more businesses out of the VAT net, consider monthly payment for very small businesses.

Planning controls Introduce simplified planning zones; speed up local decisions; improve guidance to

people starting business at home.

Company law Scrap statutory audit requirements for shareholder-managed companies and reduce prescribed content of company accounts.

Employment protection More action to discourage ill-founded complaints in unfair dismissal cases (e.g., by demanding cash deposits from complainants); curb wages council controls on young people's pay.

suggested areas for reform include value added tax, statutory sick pay, employment protection, building and fire regulations, health and safety rules and consumer law.

The study will now be taken over by Lord Young, Minister without Portfolio, whose enterprise unit has been looking at broader measures to promote enterprise. He will examine its recommendations as well as other options for cutting business red tape, and plans to make concrete proposals which might lead to legislation by the summer.

Mr Norman Tebbit, Trade and Industry Secretary, points out in the introduction to the report that each area of government

intervention may make only modest demands on employers. Taken together, however, the cumulative burden of regulation is a serious brake on enterprise and employment.

Sir Terence Beckett, director-general of the Confederation of British Industry, said: "We are delighted that the Government has accepted... the need to cut down red tape that hampers industry. The real test will be whether anything happens."

Mr Stan Mandham, chief executive of the Forum of Private Business, said: "This is the most important thing the Government has done for small businesses so far. But they have got to take it further."

Background, Page 4

Jardine to sell fleet following £96m loss

By DAVID DODWELL IN HONG KONG

JARDINE MATHESON, Hong Kong's oldest trading house, is to sell its shipping fleet and withdraw from the oil service industry. This was announced along with results for 1984 showing that a series of extraordinary losses had pushed the group into a deficit of HK\$913m (£96m) against a comparable profit of HK\$551m.

Mr Simon Keswick, Jardine's chairman, said both Jardine and Hong Kong Land, its deeply indebted associate, had in recent years "over-reached themselves and made unwise or poorly-controlled investments."

There was "no point in re-creation of the exercise of hindsight," he said, but the group's main aim now was "to simplify and restore a conservative approach"—by concentrating on core businesses and shedding unproductive assets.

Yesterday's disclosures, contrasted with the secrecy which

has veiled the company over the past two years. Noting this change, Mr Keswick said: "So serious were the problems inside Jardine—if anything more serious than those in Hong Kong Land—that we felt there was a time and a place for making public statements."

Jardine disclosed consolidated net earnings for the year of HK\$80m, down from HK\$125m, compared with a HK\$300m surplus the previous year.

The 1984 result also suffered from extraordinary losses of HK\$54m incurred in writing down the value of the shipping fleet, HK\$159m linked with property in Hawaii, and a further HK\$102m representing Jardine's share of extraordinary losses at Hong Kong Land.

Disposal of the ships and offshore oil servicing business will leave core operations in-

cluding marketing and distribution, engineering, transport services, and financial and investment advice. These are to give greater autonomy.

Mr Keswick conceded that the board a year ago had underestimated the extent of the group's remaining problems, but he predicted that further provisions would not be needed, although he said it was premature to predict profit levels for 1985.

Turnover in 1984 was down more than 16 per cent to HK\$8.9bn. The board is not recommending a final dividend, and does not promise resumption of dividend payments until they can be funded out of cash flow.

The "disappointing" 1984 results "mask a material increase in the group's underlying strength," Mr Keswick said. Annual statement, Page 3

Banks set up £150m fund for JMB losses

By David Lascelles, Banking Correspondent

THE BANK of England and two dozen UK banks yesterday signed a £150m agreement to cover losses of Johnson Matthey Bankers, which was rescued from the brink of collapse last September.

The delay in reaching an agreement reflects the complexity of the rescue and the determination of UK banks to set strict terms for their participation in an operation not all of them supported.

Under the agreement, the banks have agreed to share whatever losses JMB suffers over and above the £170m it has in capital. Half of the indemnity, or £75m, will be borne by the Bank of England, which now owns JMB.

The remainder will be shared: £30m by the big clearing banks; £5m by the small clearing banks; £20m by members of the gold market where JMB is still a major dealer; and £20m by the accepting houses, except Rothschilds and Samuel Montagu which are participating as members of gold market.

The indemnity package will help cover losses resulting from loans made by JMB before the end of September. Provisions for doubtful loans will be made by the banks' management on the basis of a report by Price Waterhouse, the accounting firm. Ernst Whinney, another accounting firm, will judge whether the provisions are appropriate and cover losses that qualify for the indemnity.

JMB's financial year end will be extended from March 31 to June 30 to allow more time for the accounts to be settled. The full extent of JMB's losses has not been calculated, and the banks may not be called on for some weeks. Bankers expect losses to be more than £250m, triggering at least £80m of the indemnity.

Kilnworth Benson, an accepting house, has made a small payment on account for tax reasons, and others are expected to do the same. The Bank of England's wish to see banks share in JMB's losses has caused considerable resentment among some bankers who do not see why they should pay for somebody else's mistakes.

THE LEX COLUMN

Twilight of the dollar

Last week's dollar slide—losing 5 per cent against the D-mark in as many days—has at last made fund managers seriously question their views on the U.S. as the safest haven for their money. Even gold, though hampered by its lack of yield and the rest of the world's lack of inflation, has held on to the previous week's sudden gain. But it is assets with a bit of income to recommend them that are really swinging back into fashion.

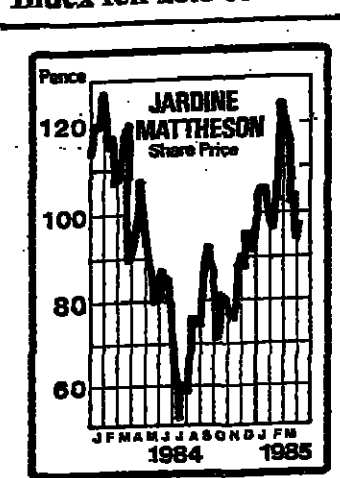
Gilt-edged stock gained two points at the long end last week—a direct result of sterling's new-found strength—despite yet more offering from the Government Broker. Indeed, sterling has done even better than the D-mark, helped by the fiscal and monetary stringency of Mr Lawson's budget, and the higher yield on sterling assets.

Admittedly, the prospect of further capital gains in the UK fixed-interest markets are uncertain: the authorities seem undecided whether they can allow interest rates to fall. Last week, half the clearing banks misinterpreted their intentions: but no-one yet knows which half. In any event, the prospect of weaker oil prices in the Spring must remind the Government of last July, and the crash of high returns could be there to break a sterling fall.

The other side of sterling's reversal is shown by the weaker trend in the London equity market. Having got used to the idea that a high dollar was good for reported profits—because of higher exports and favourable translations of U.S. earnings—the market is howling its consistency by marking down stocks like ICI and BTR which had previously benefited. With around half of UK corporate earnings dollar-related, the advantages of a sterling revaluation are double-edged. If it goes too far, the CBI will waste no time in reminding Mrs Thatcher that Britain is losing its competitive edge—the sort of lobbying which President Reagan has evidently been listening to.

Jardines
Jardine Matheson's results for 1984 had been so graphically sketched in advance that the disappearance of HK\$1bn from a less than robust balance sheet was no new cause for alarm. With a nip of further prime-rate cuts in the air, the market was cheered that Jardine could take its medicine as

Index fell 13.8 to 964.3



Entrad/Tootal

With only three we in the Entrad/Tootal shareholders must still fused about what to Entrad's increased off day hardly lifts the Entrad offered, say, would probably have immediate knock-out, 74.37p that Tootal sha will get is so little abo day's price of 72p that do best to sit tight closing date nears.

Entrad has made it q that this is a final of seem to be gambling ing market or sheer to make its case for it. Entrad's size, however ably could not afford t more generous; and ha that 70p already ov Tootal, it would embarrassing at best much more.

Tootal claims that latest bid does not r true worth and that i are not just sitting cushion. A prospective nearly 8 per cent-t market average—must help to prop up the sh as should speculation friendly, or predatory, fro mVentona Vilella, historic exit p/e of ju 10—and a prospective of 7.8 on the latest pr cast—are not exactly bare. Coats Patons, r regarded as a better c stands on an historic t 84 and it Tootal is t retain the loyalty of funds by bumping up vend, it may be thwarte are, after all, being higher-yielding (if sho paper by Entrad.

Inflation account

So far as the accounti fession is concerned, i now seems to have bet gated to history. That is since the full ravages inflation—in the late 197 still flustering the 1985 reported in accounts charge depreciation i money of say, 1978. Ex rather feeble comp known as ED 35, which b the consequences of i back in a footnote i historic accounts has n abandoned, while the a ants try to think of som else. Think they must; i is still creeping ahead accounts which do not r its impact are still mislead



TWO GREAT TRADITIONS IN ONE RACE

1984 brought together two traditions. Ever since 1837 names like Becher's, Valentine's and the Chair have become synonymous with the world's greatest steeple chase. When in 1984 the 'National' came under threat it was fitting that Seagram should decide to help save this famous event. In its own field, Seagram has many famous traditions represented by brand names like The Glenlivet and Chivas Regal from Scotland, Mumm Champagne from the caves of Reims, Sandeman Port and Sherry, and Captain Morgan Rum from the Caribbean, not to mention other famous brands such as White Satin Gin, Queen Anne Scotch Whisky and Paul Masson California Wine. These names are all part of Seagram, a company that cares deeply about heritage and integrity; and who are proud to combine their own long-tested traditions with the most famous event in National Hunt Racing.

The Seagram Grand National.



SEAGRAM
The spirit behind the 'National'

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